



Legislative Fiscal Office
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Bill Title: Relating to restrictions on 340B covered entities; prescribing an effective date.

Government Unit(s) Affected: Department of Justice, Department of Consumer and Business Services, Oregon Health Authority, Judicial Department, Board of Pharmacy

Summary of Fiscal Impact

Costs related to the measure are indeterminate at this time - see explanatory analysis.

Measure Description

The measure prohibits drug manufacturers from blocking or interfering with the legal distribution of 340B drugs by a pharmacy contracted with a covered entity and from the manufacturer requiring the covered entity to submit a claim or provide utilization data as a condition for these contracted pharmacies to receive and dispense 340B drugs. By March 1 of each year, all covered entities must submit a comprehensive report to the Department of Consumer and Business Services (DCBS) that includes the number and cost of reimbursements made to lower out-of-pocket costs, third-party contract costs, and total operating costs. DCBS will publish these reports annually by June 1.

The measure establishes the 340B Drug Fund, which is continuously appropriated to the Department of Human Services (DHS) for specified purposes. All interest earned is credited to the Fund. DHS is required to collaborate with DCBS, the State Treasury, and representatives from covered entities in the state to ensure money deposited into the 340B Drug Fund is credited to an individual's electronic balance transfer (EBT) card. Covered entities, which include disproportionate share hospitals, children's hospitals, and rural referral centers, must use 340B drug profits to reduce patients' out-of-pocket expenses. If the patient does not receive medical assistance from the state, 95% of their profits must go towards lowering the individual's out-of-pocket expenses. If the individual is receiving state medical assistance, 90% of the profits must be used to decrease the individuals' out-of-pocket costs and 5% must be deposited into the 340B Drug Fund. For individuals who receive medical assistance and have an EBT card, the 5% transferred to the 340B Drug Fund will be transferred to the individual's EBT card.

Fiscal Analysis

Department of Human Services

The fiscal impact of the measure is indeterminate for DHS, as the number of individuals who are prescribed 340B drugs and use EBT cards is unknown. The agency expects the measure will increase the workload for its Office of Financial Services, which will be responsible for coordinating the transfer of funds from the 340B Drug Fund to each eligible individual's EBT card. However, the number of staff needed will depend on how many individuals are eligible to receive these reimbursements.

Department of Consumer and Business Services

The fiscal impact of the measure is indeterminate for DCBS. The measure does not specify how DCBS will assist DHS in ensuring funds are transferred to eligible individuals. Additionally, the level of staff support required to receive and post reports from covered entities will depend on the rulemaking DCBS must first undertake. DCBS

anticipates the measure will have a fiscal impact and may need to request additional resources from the Legislature once the specific requirements are defined.

Other Entities

The measure has a minimal fiscal impact on the Department of Justice and Oregon Judicial Department and no fiscal impact on the Oregon Health Authority or the Oregon Board of Pharmacy.

Relevant Dates

The measure takes effect on the 91st day after sine die.

Covered entities must submit reports to DCBS annually by March 1 and DCBS must post these reports annually by June 1.