

House Bill 2149

Sponsored by Representative NOSSE (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Creates rules for licensing PSAOs that operate in this state. (Flesch Readability Score: 69.7).

Requires pharmacy services administrative organizations operating in this state to be licensed by the Department of Consumer and Business Services and creates rules for licensing requirements.

A BILL FOR AN ACT

Relating to pharmacy services administrative organization licensing; creating new provisions; and amending section 2, chapter 87, Oregon Laws 2024.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 2, chapter 87, Oregon Laws 2024, is amended to read:

Sec. 2. (1) As used in this section[,]:

(a) **“Administrative services” includes:**

(A) **Assistance with claims;**

(B) **Assistance with audits;**

(C) **Assistance with access to pharmacy networks;**

(D) **Assistance with interactions between a pharmacy and a pharmacy benefit manager;**

(E) **Centralized payment;**

(F) **Certification in specialized care programs;**

(G) **Compliance support;**

(H) **Setting flat fees for generic drugs;**

(I) **Assistance with store layout;**

(J) **Marketing support;**

(K) **Management and analysis of payment and drug dispensing data;**

(L) **Negotiating contracts with pharmaceutical manufacturers or wholesalers; or**

(M) **Provision of resources for retail case cards.**

(b) **“Contract” means a contractual agreement between a pharmacy services administrative organization and an independent pharmacy by which the pharmacy services administrative organization agrees to provide administrative services to the independent pharmacy, including but not limited to negotiating with third party payers on behalf of the independent pharmacy and providing other administrative services as specified.**

(c) **“Independent pharmacy” means a pharmacy that is part of a group of three or fewer pharmacies under common ownership.**

(d) **“Parent company, subsidiary or other organization” means an entity that provides pharmacy or prescription drug services, or supports or manufactures, sells or distributes prescription drugs, biologicals or medical devices.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (e) “Pharmacy services administrative organization” means an entity that:

2 [(a)] (A) Contracts with a pharmacy to act as the pharmacy’s agent with respect to matters in-
3 volving a pharmacy benefit manager, third party payer or other entity, including by negotiating,
4 executing or administering contracts with the pharmacy benefit manager, third party payer or other
5 entity; and

6 [(b)] (B) Provides administrative services to pharmacies.

7 (f) “Third party payer” means a person licensed under ORS 744.702.

8 (2) An organization may not transact business or purport to transact business in this
9 state as a pharmacy services administrative organization unless the organization has a li-
10 cense to transact business as a pharmacy services administrative organization issued by the
11 Department of Consumer and Business Services. To obtain a license under this subsection,
12 a pharmacy services administrative organization must:

13 (a) Submit an application to the department on a form prescribed by the department by
14 rule, and shall include any parent company, subsidiary or other organization which owns, in
15 part or in whole, the pharmacy services administrative organization.

16 (b) Pay a fee in an amount adopted by the department by rule.

17 (3) A license to transact business by a pharmacy services administrative organization
18 must be renewed every 12 months. To renew a license under this subsection, the pharmacy
19 services administrative organization must pay a renewal fee in the amount adopted by the
20 department by rule.

21 (4) The department shall deposit all moneys collected under this section into the Con-
22 sumer and Business Services Fund created in ORS 705.145.

23 (5) Any fee adopted by the department under this section must be sufficient to pay the
24 department’s reasonable costs in administering this section.

25 (6) A pharmacy services administrative organization under this section shall:

26 (a) Provide an independent pharmacy a copy of the contract, amendment, payment
27 schedule or reimbursement rates within three calendar days after the execution of the con-
28 tract, amendment, payment schedule or reimbursement rate the pharmacy services admin-
29 istrative organization signed on behalf of the pharmacy.

30 (b) Provide an independent pharmacy or a third party payer a written disclosure of any
31 parent company, subsidiary or other organization which owns, in part or in whole, the
32 pharmacy services administrative organization prior to entering a contract.

33 (c) Notify in writing the Department, independent pharmacy or third party payer of any
34 changes in ownership or control by parent company, subsidiary, or other organization within
35 5 calendar days of the change.

36 [(2)] (7) Upon the request of the Department of Consumer and Business Services, a pharmacy
37 benefit manager shall submit to the department the pharmacy benefit manager’s contracts and
38 amendments to contracts with pharmacies or pharmacy services administrative organizations and
39 the pharmacy benefit manager’s provider manuals.

40 [(3)] (8) Contracts, contract amendments and provider manuals submitted to the department un-
41 der this section are exempt from disclosure under ORS 192.311 to 192.478.

42 **SECTION 2.** Section 3 of this 2025 Act is added to and made a part of ORS 735.530 to
43 735.552.

44 **SECTION 3.** (1) As used in this section, “pharmacy services administrative
45 organization” has the meaning given that term in section 2, chapter 87, Oregon Laws 2024.

1 **(2) In accordance with ORS chapter 183, the Department of Consumer and Business**
2 **Services may deny an application for a license to transact business as a pharmacy services**
3 **administrative organization or deny an application for renewal of a license to transact busi-**
4 **ness as a pharmacy services administrative organization, and may suspend or revoke a li-**
5 **cence to transact business as a pharmacy services administrative organization, if the**
6 **department finds that an applicant or licensee:**

7 **(a) Falsified an application for a license or for the renewal of a license or engaged in any**
8 **dishonest act in relation to the application;**

9 **(b) Engaged in dishonesty, fraud or gross negligence in the conduct of business as a**
10 **pharmacy services administrative organization;**

11 **(c) Engaged in conduct that resulted in a conviction of a felony under the laws of any**
12 **state or of the United States, to the extent that such conduct may be considered under ORS**
13 **670.280;**

14 **(d) Was convicted under the laws of any state or of the United States of any crime of**
15 **which an essential element is dishonesty or fraud;**

16 **(e) Had a certificate of authority or authority to conduct business as a pharmacy services**
17 **administrative organization denied, revoked or suspended in another state;**

18 **(f) Failed to pay a civil penalty imposed by final order of the department or to comply**
19 **with the terms of suspension set by the department;**

20 **(g) Failed to meet the terms of a consent decree approved by a court of competent ju-**
21 **risdiction in this state, or a consent order made between the department and the pharmacy**
22 **services administrative organization;**

23 **(h) Refused to be examined or to produce accounts, records or files for examination, in-**
24 **cluding the refusal by any officer of the applicant or licensee to give information with respect**
25 **to the affairs of the pharmacy services administrative organization, or refused to perform**
26 **any other legal obligation with respect to an examination by the department; or**

27 **(i) Violated any provision of the Insurance Code, any rule adopted by the department**
28 **pursuant to the Insurance Code or any order of the department.**

29 **(3) The department may prescribe by rule a procedure by which a pharmacy or an entity**
30 **acting on behalf of a pharmacy may file a complaint with the department alleging that a**
31 **pharmacy services administrative organization has engaged in conduct in violation of this**
32 **section or section 2, chapter 87, Oregon Laws 2024. The department may restrict the right**
33 **of a pharmacy or entity to file a complaint only to the extent necessary to prevent abuse of**
34 **the complaint process.**

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