

## HB 2689 -1, -2 STAFF MEASURE SUMMARY

### House Committee On Health Care

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**Meeting Dates:** 2/19, 4/4

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#### WHAT THE MEASURE DOES:

Requires the Oregon Health Authority (OHA) to design a wholesale drug importation program and operate as a licensed drug wholesaler to import prescription drugs from Canada. Specifies criteria for drug importation. Requires OHA to establish systems and mechanisms for importing drugs in a safe and efficient manner. Authorizes OHA to establish a fee on the sale of imported drugs. Requires OHA to obtain a wholesale license or contract with a licensed wholesaler and authorizes the agency to take necessary steps to establish program. Directs the Attorney General to monitor anticompetitive behavior among industries affected by the program and report to the OHA. Exempts employer self-insured health plans from specific requirements. Requires OHA to report annually to the Legislative Assembly on the implementation and operating of the program. Directs OHA to request federal approval and certification of the importation program.

*REVENUE: May have revenue impact, but no statement yet issued.*

*FISCAL: May have fiscal impact, but no statement yet issued.*

#### ISSUES DISCUSSED:

##### EFFECT OF AMENDMENT:

-1 Modifies Oregon prescription drug program by allowing the administrator to contract with a pharmacy benefit manager, establish a state-managed wholesale or retail drug distribution or dispensing system. Prohibits administrator from requiring pharmacies to maintain or allocate separate inventories for prescription drugs dispensed through the program, except as necessary to enter into or carry out an agreement for the bulk purchasing of prescription drugs.

*REVENUE: No revenue impact.*

*FISCAL: May have fiscal impact, but no statement yet issued.*

-2 Adds whereas statements. Requires OHA to develop an estimate of the annual cost of the program and annual savings to Oregon consumers and report to the interim committees of the Legislative Assembly related to health. If the estimates indicate savings to Oregon consumers, OHA is directed to submit a formal request to DHHS to certify that the wholesale prescription importation drug program.

*REVENUE: No revenue impact.*

*FISCAL: May have fiscal impact, but no statement yet issued.*

#### BACKGROUND:

The U.S. is the largest importer of pharmaceutical drugs, globally, with higher prescription drug spending and prices than other high-income countries, with drug spending estimated to grow 6.3 percent annually from 2017-2026 (Centers for Medicare and Medicaid Services). According to the Federal Food and Drug Administration, 80 percent of pharmaceutical ingredients and 40 percent of finished drugs are manufactured outside of the U.S. According to the National Conference of State Legislatures, from 2015-2017, 119 laws have been enacted in 45 states to affect costs, pricing, transparency, and payment of prescription drugs.

As of January 2019, 12 states have introduced legislation aimed at drug importation, which would create a wholesale importation program to purchase high-cost drugs from wholesalers that purchase drugs in Canada.

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*This summary has not been adopted or officially endorsed by action of the committee.*

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State-administered wholesale importation seeks to increase price competition in the U.S. Drugs purchased by the program are to be distributed to retail pharmacies and other outlets. This approach requires states to request federal certification to assure pharmaceuticals manufactured outside of the U.S. are safe and clinically effective. In 2018, Vermont was the first state to pass legislation regarding wholesale pharmaceutical importation from Canada.

House Bill 2689 establishes a state-administered wholesale drug importation program managed by the Oregon Health Authority.