

Ballot Measure 44

Easy-to-Read Voting Guide

Drug Coverage

Official Title – Allows any Oregon resident without prescription drug coverage to participate in Oregon prescription drug program

The way it is now:

The Oregon Prescription Drug Program deals with drug companies to get lower prescription drug prices for low income Oregonians over the age of 54.

What Measure 44 Would Do:

Measure 44 will expand the Oregon Prescription Drug Program. It will let all Oregonians who do not have medical insurance for prescriptions get the lower cost prescription drugs. Savings on prescription drugs depends on the number of people using the program.

How much will it cost:

The program already exists, so there will be no further cost to taxpayers.

Argument For:

In just over 1 year, with only 4000 Oregonians in the program, the Oregon Prescription Drug Program people have saved an average of \$26 per prescription. With the program expanded to cover up to 780,000 Oregonians, even lower prices of prescriptions may be negotiated.

Argument Against:

Many of the drug companies have programs to provide free drugs for the needy. Current pricing of drugs allows drug companies to continue research and development of new drugs.

Regular Voters' Guide

Expansion of Oregon Prescription Drug Program--Allows Any Oregon Resident Without Prescription Drug Coverage to Participate in Oregon Prescription Drug Program.

Initiative

This measure is a statutory amendment placed on the ballot by initiative petition with an estimated 83,409 valid signatures (71.7%). The chief petitioners were Oregon Senator Bill Morrisette and Gerald Cohen, Oregon Director, AARP.

Financial Impact

There is no direct financial effect on state or local government expenditures or revenue.

Yes vote

If this measure passes it will expand the eligibility for the current Oregon Prescription Drug Program, which negotiates lower prices for prescription drugs.

No vote

If this measure fails the Oregon Prescription Drug Program will continue to exist with the current eligibility requirements; it now serves about 4000 individuals.

Background

The Oregon Prescription Drug Program was established by the Oregon legislature in 2002. It was started in March 2005. The program allows the state to negotiate bulk purchase of drugs, and provide them at the reduced price. Currently the program is limited to Oregon residents who are:

- a) at least 54 years old;
- b) earn less than 185% of the federal poverty level (currently \$18,130 per individual)

and;

- c) have not had private prescription drug coverage for the six months preceding application to the program. There are approximately 18,000 Oregonians eligible for the current program.

An expansion of the Oregon Prescription Drug Program was brought before the Oregon Legislature in 2006. The Senate passed the bill, but it died in the House. The backers of that bill have brought this measure to the voters.

Since 2003 two thirds of the states have passed laws to cut drug costs, according the National Conference of State Legislatures. The new laws include buying medicine in bulk, promoting generic drugs, and creating lists of preferred drugs covered by state plans.

The Proposal

This measure would remove eligibility requirements so that all Oregonians without prescription drug coverage, regardless of age or income, may participate in the Oregon Prescription Drug Program. Participation is voluntary. Medicare Part D prescription plan enrollees would be eligible to join. It is estimated that the Oregon Prescription Drug Program would negotiate prices for approximately 780,000 individuals who lack prescription drug coverage.

Participants receive a card to use at participating pharmacies to purchase prescription drugs at the discounted price. When traveling, individuals may use their card to purchase drugs at participating nationwide chains at the lower negotiated price.

Supporters Say

This expands an already established program with a successful track record (in just over a year, the program has been able to save \$560,000 or an average of \$26 per prescription) at no additional cost to taxpayers. People shouldn't have to choose between paying for food and utilities and paying for their medications.

An expanded Prescription Drug Program helps control the skyrocketing costs of health care. Prescription savings generated depends on the number of participants. It is estimated that the cost of drugs would be cut up to 60%.

Drug companies spend more on advertising and marketing than they do on research. In 2001, pharmaceutical companies spent 2.7 billion dollars on advertising. While pharmaceuticals lobby to defeat lowered prescription drug costs, they are celebrating enormous profits.

Opponents Say

The pricing of prescription drugs is structured to provide drug companies sufficient income to continue research and development. This has played the major role in development of the new drugs that have revolutionized patient care in recent years.

There is no part of the measure that addresses the commission for pharmacies, so passage of this measure may hurt local pharmacies.

Many of the drug companies have programs to provide free drugs in needy cases. According to Ken Johnson a senior vice president for the Pharmaceutical Research and Manufactures of America, or PhRMA, the industry donated 5.1 billion in free prescription drugs in 2005 for needy patients.

Sources

Contacted by telephone &/or email:

Gerald Cohen, Oregon Director, AARP
Jane Baumgarten, Proponent
Sara Warful, Communications Director, AARP
Maribeth Healey, OregoniansforHealthSecurity.org

Other possible contacts (attempted to contact but no response in time for this write up): OR Senator, Bill Morrisette; PhRMA Pharmaceutical Company; Jim Thompson, opponent/lobbyist; Rick Bennett, Associate State Director for Advocacy, AARP; David S. Barrows, lobbyist Merck Human Health US;

Others I did not contact: Linda Barefoot, Lobbyist for Purdue Pharma, LP; Oregon Senator Kruse

Newspaper Articles

Oregonian, Don Colburn "Voters to decide future of drug plan" Aug 11, 2006.

Springfield News.com, Senator Bill Morrisette, "Initiative would give folks drug-prices bargaining power", Jan 19, 2006.

Detroit Free Press (www.freep.com), Maureen Groppe, "Millions spent to keep states from cutting drug costs", April 6, 2006.

The World, (newspaper, Coos Bay) Public Forum, Jane Baumgarten, "Everyone wins if you sign petition", June 10, 2006

Other Information

- AARP Media Release: “Initiative to Reduce Prescription Costs Qualifies for Ballot .‘Yes’ vote will reduce prescription costs by up to 60% for 780,000 Oregonians without prescription drug coverage” July 26, 2006.
- Oregonians for Health Security, “Floor Letter Supporting SB 329” May 10, 2005.
- Oregonians for Health Security, “The Need for Affordable Health Care is Clear. Oregonians for Health Security asks you to vote ‘Yes’ on Measure 44” August 2006.
- OSPIRG Foundation (*Oregon State Public Interest Research Group*) Report, “Paying the Price”, July 2006.AARP
- “Expand the Prescription Drug Purchasing Pool”, includes Background, Q &A, and Talking Points.

SECRETARY OF STATE’S INFORMATION

Ballot Title

ALLOWS ANY OREGON RESIDENT WITHOUT PRESCRIPTION DRUG COVERAGE TO PARTICIPATE IN OREGON PRESCRIPTION DRUG PROGRAM

RESULT OF “YES” VOTE: Yes” vote expands eligibility to participate in Oregon Prescription Drug Program to Oregon residents who have no prescription drug coverage (except Medicare), eliminating current restrictions.

RESULT OF “NO” VOTE: “No” vote retains current law limiting participation in Oregon Prescription Drug Program to Oregon residents over age 54 who meet income limit, past coverage limitation.

SUMMARY: Existing law authorizes the Oregon Prescription Drug Program, which is intended to reduce prescription drug costs and to make prescription drugs available to participants at the lowest possible cost. Existing law authorizes the program’s administrator, among other things, to negotiate price discounts, to purchase prescription drugs on behalf of participants, and to reimburse pharmacies. Under current law, Oregon residents over age 54 whose gross annual income does not exceed 185 percent of the federal poverty guidelines and who have not had private prescription drug benefit coverage for the past 6 months are eligible to participate in the Program. Measure eliminates those restrictions and expands Program eligibility to all Oregon residents who have no prescription drug coverage except Medicare Part D. Provides no funding. Other provisions.

Explanatory Statement

Ballot Measure 44 modifies the eligibility requirements for Oregon residents to participate in the Oregon Prescription Drug Program. The program intends to make prescription drugs available to participants at the lowest possible cost through negotiated price discounts.

The current program is limited to Oregon residents who are:

- a) at least 54 years old;
- b) earn less than 185% of the federal poverty level (currently \$18,130 per individual);

and

c) have not had private prescription drug coverage for the six months preceding application to the program.

Ballot Measure 44 expands the Oregon Prescription Drug Program by removing eligibility requirements so that all Oregonians without prescription drug coverage regardless of age or income may participate. Participation in the Oregon Prescription Drug Program is voluntary. Medicare Part D prescription plan enrollees would be eligible to join.

Participants receive a card to use at participating pharmacies to purchase prescription drugs at the discounted price.

Estimate of Financial Impact

There is no direct financial effect on state or local government expenditures or revenue.

Arguments In Favor

http://www.sos.state.or.us/elections/nov72006/military_vp/m44_fav.pdf (20 pages)

Arguments against (none filed)

1 shall appoint an administrator of the Oregon Prescription Drug Program.

2 The administrator shall:

3 (a) Negotiate price discounts and rebates on prescription drugs with pre-
4 scription drug manufacturers;

5 (b) Purchase prescription drugs on behalf of individuals and entities that
6 participate in the program;

7 (c) Contract with a prescription drug claims processor to adjudicate
8 pharmacy claims and transmit program prices to pharmacies;

9 (d) Determine program prices and reimburse pharmacies for prescription
10 drugs;

11 (e) Adopt and implement a preferred drug list for the program;

12 (f) Develop a system for allocating and distributing the operational costs
13 of the program and any rebates obtained to participants of the program; and

14 (g) Cooperate with other states or regional consortia in the bulk purchase
15 of prescription drugs.

16 (4) The following individuals or entities may participate in the program:

17 (a) Public Employees' Benefit Board;

18 (b) Local governments as defined in ORS 174.116 and special government
19 bodies as defined in ORS 174.117 that directly or indirectly purchase pre-
20 scription drugs;

21 (c) Enrollees in the Senior Prescription Drug Assistance Program created
22 under ORS 414.342;

23 (d) Oregon Health and Science University established under ORS 353.020;

24 (e) State agencies that directly or indirectly purchase prescription drugs,
25 including agencies that dispense prescription drugs directly to persons in
26 state-operated facilities; and

27 (f) Residents of this state who[:]

28 [(A) *Are more than 54 years of age;*]

29 [(B) *Have a gross annual income that does not exceed 185 percent of the*
30 *federal poverty guidelines; and*]

31 [(C) *Have not been covered under any private prescription drug benefit*

1 *program for the previous six months]* **do not have prescription drug cov-**
2 **erage.**

3 (5) The state agency that receives federal Medicaid funds and is respon-
4 sible for implementing the state's medical assistance program may not par-
5 ticipate in the program.

6 (6) The administrator may establish different reimbursement rates or
7 prescription drug prices for pharmacies in rural areas to maintain statewide
8 access to the program.

9 (7) The administrator shall establish the terms and conditions for a
10 pharmacy to enroll in the program. A licensed pharmacy that is willing to
11 accept the terms and conditions established by the administrator may apply
12 to enroll in the program.

13 (8) Except as provided in subsection (9) of this section, the administrator
14 may not:

- 15 (a) Contract with a pharmacy benefit manager;
- 16 (b) Establish a state-managed wholesale or retail drug distribution or
17 dispensing system; or
- 18 (c) Require pharmacies to maintain or allocate separate inventories for
19 prescription drugs dispensed through the program.

20 (9) The administrator shall contract with one or more entities to provide
21 the functions of a prescription drug claims processor. The administrator may
22 also contract with a pharmacy benefit manager to negotiate with pre-
23 scription drug manufacturers on behalf of the administrator.

24 **(10) Notwithstanding subsection (4)(f) of this section, individuals**
25 **who are eligible for Medicare Part D prescription drug coverage may**
26 **participate in the program.**

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