

# HOUSE COMMITTEE ON HEALTH AND HUMAN SERVICES

February 28, 2003 Hearing Room D  
9:00 A.M. Tapes 37 – 39

**MEMBERS PRESENT:** Rep. Jeff Kruse, Chair  
Rep. Billy Dalto, Vice-Chair  
Rep. Carolyn Tomei, Vice-Chair  
Rep. Gordon Anderson  
Rep. Jeff Barker  
Rep. Laurie Monnes Anderson

**MEMBER EXCUSED:** Rep. Ben Westlund

**STAFF PRESENT:** Sandy Thiele-Cirka, Administrator  
Mara McGraw, Assistant

**ISSUES HEARD:** **WORK SESSION**  
**Introduction of Committee Bills**  
**INFORMATIONAL MEETING**  
**Overview of Prescription Drug Programs**

- **National Organization of Drug Store Chains**  
Lis Merten, Regional Director of State Government Affairs  
Tom Holt, Oregon Pharmacists Association
- **Prescription Patient Assistance Programs-Generic Perspective**  
Ron Hartman, Geneva Pharmaceuticals  
Judith Milford, Teva Pharmaceuticals U.S.A., Vice-President Government Affairs
- **Prescription Patient Assistance Programs-Brand Perspective**  
Jim Gardner, Pharmaceutical Research and Manufacturers of America (PhRMA)  
Paul Nielson, Pharmacia, Chairman of Oregon PhRMA Task Force
- **Senior Discount Prescription Programs**  
Ann Tweedt, Bristol-Myers Squibb Company, State Government Affairs  
Russ Spencer, Pfizer, Inc.

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These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

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<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
<b>TAPE 37, A</b>		
004	Chair Kruse	Calls meeting to order at 9:21 A.M. and opens work session on LC Draft 2365. Submits LC Draft 2365 ( <b>EXHIBIT A</b> ).
<b><u>BILL INTRODUCTION – WORK SESSION</u></b>		
017	Rep. Tomei	<b>MOTION: Moves LC 2365 BE INTRODUCED as a committee bill.</b>
		<b>VOTE: 4-0-3</b>
		<b>EXCUSED: 3 - Anderson, Dalto, Westlund</b>
	Chair Kruse	<b>Hearing no objection, declares the motion CARRIED.</b>
021	Chair Kruse	Closes work session on LC 2365 and opens work session on LC 2963. Submits LC Draft 2963 ( <b>EXHIBIT B</b> ).
<b><u>BILL INTRODUCTION – WORK SESSION</u></b>		

022	Rep. Tomei	<b>MOTION: Moves LC 2963 BE INTRODUCED as a committee bill.</b>
		<b>VOTE: 4-0-3</b>
	Chair Kruse	<b>EXCUSED: 3 - Anderson, Dalto, Westlund</b>
027	Chair Kruse	<b>Hearing no objection, declares the motion CARRIED.</b>
		Closes work session on LC 2963 and opens informational meeting on prescription drug programs.
<b><u>INFORMATIONAL MEETING</u></b>		
034	Lis Merten	National Association of Chain Drug Stores (NACDS), Northwest Regional Director. Submits informational packet ( <b>EXHIBIT C</b> ). Offers background, process, policies and participant list of NACDS. Requests committee look at system as continuum when considering a solution. Notes research and cost savings agreement opportunity for Oregon Medical Assistance Programs (OMAP).
102	Chair Kruse	Inquires on turn around time on research.
106	Merten	Explains two week period for data from University of Texas. Addresses success of preferred drug list. Presents information on preferred drug list, supplemental rebate program, and prior authorization programs in Florida, Michigan and Vermont. Details savings.
154	Rep. Monnes Anderson	Requests specifics on savings.
158	Merten	Reports savings are to the department. Notes partnership with community pharmacies. Addresses issues of patients with multiple prescriptions. Summarizes cost savings mechanisms from packet ( <b>EXHIBIT C</b> ). Explains option to explore cost savings mechanisms rather than reduce reimbursement rates to pharmacists. Encourages committee to get at root of problem of prescription drug costs. Addresses issues with current cost savings solutions. Discusses elimination of senior assistance programs.
317	Rep. Monnes Anderson	Inquires on clinics dispensing prescriptions as cost savings mechanism.
333	Merten	Defers to Tom Holt to address question.
338	Tom Holt	Executive Director, Oregon State Pharmacists Association. Explains remote dispensing programs and related issues regarding patient safety.
375	Rep. Monnes Anderson	Notes impact of case management as tool for success.
390	Holt	Explains panel used to oversee remote dispensing programs.
408	Chair Kruse	Inquires on Florida's four brand cap program.
415	Holt	Discusses data regarding four brand cap program.
439	Chair Kruse	Requests data on four brand cap program.
444	Merten	Notes Washington State's program and available data.
<b>TAPE 38, A</b>		
011	Holt	Notes cost savings to health care system via therapeutic prescription drug use such as averted surgeries. Addresses cuts in pharmacy reimbursement rates. Notes data provided to 2003 session Oregon Health Plan (OHP) workgroup. Explains impact of reimbursement cut on pharmacists.
062	Rep. Tomei	Inquires why pharmacies sell prescriptions at a loss.
063	Holt	Relates dedication to serve community. Explains margins that

		balance profit losses.
075	Rep. Tomei	Restates question and cost clarification.
077	Holt	Explains rates of sale are determined by Medicaid. Explains rate ceiling and maximum allowable costs determined by OMAP and Medicaid for the various classes of drugs.
090	Rep. Tomei	Inquires on purchasing.
093	Holt	Explains purchasing as it relates to price determination and acquisition costs. Details buying groups and discusses Inspector General reports on prescription rates.
148	Rep. Tomei	Questions losses on drug cost and dispensing fees.
151	Holt	Explains pharmacies operate on narrow margins. Notes current analysis on Oregon pharmacies. Notes current savings to General Fund.
195	Rep. Anderson	Inquires on point of sale (POS) items used to offset losses.
201	Holt	Explains importance of POS and "front end" items in pharmacy survival.
212	Rep. Monnes	Explores co-pays as method to curb costs.
220	Anderson Holt	Explains position on voluntary co-pay policies. Reports benefits of mandatory co-pay policies. Suggests means test and recommends co-pay not apply to generic drugs.
265	Ron Hartman	Manager, Government Affairs, Geneva Pharmaceuticals. Submits Medicaid data sheet ( <b>EXHIBIT D</b> ). Offers background on Geneva. Speaks to therapeutic and cost savings benefits of generic prescription drugs. Offers suggestions to increase use of generic drugs. Discusses data on cost savings, generic rebates and profitability for generic manufacturers
360	Rep. Monnes	Inquires on the generic drug research process.
363	Anderson Hartman	Explains research and development is focused on duplicating the brand drug.
367	Rep. Barker	Inquires in Indian Health and military purchase of generic drugs.
372	Hartman	Reports volume of product sold to military and Indian Health agencies.
376	Rep. Tomei	Comments on Medicaid data sheet ( <b>EXHIBIT D</b> ) correction.
377	Judith Milford	Vice President, Government Affairs, Teva Pharmaceuticals, U.S.A. Offers background on Teva U.S.A. Notes correction to Medicaid data should read average price of generic drug after rebate is less than \$18 ( <b>EXHIBIT D</b> ).
<b>TAPE 37, B</b>		
020	Milford	Highlights suggested pharmacy cost savings programs such as promotion of generic drugs through prior authorization in combination with preferred drug lists. Explains impact of rebate programs. Estimates costs savings through use of generic drugs.
075	Rep. Monnes	Explores income generated via research. Requests information on shareholders and profits.
082	Anderson Holt	Explains low cost and high volume results in profits.
098	Vice-Chair Tomei	Inquires on 1% cost savings figure ( <b>EXHIBIT D</b> ).
100	Milford	Reports figure is annual and based on 2001 data.
102	Vice-Chair Tomei	Requests information on profit margins.
109	Holt	Agrees to provide information at later date.
119	Jim Gardner	Oregon Counsel for Pharmaceutical Research and Manufacturers of America (PhRMA). Submits written program materials and data on other states ( <b>EXHIBIT E</b> ). Addresses collaborative

198	Paul Nielson	efforts between invested parties. Notes senior discount programs and suggests changes to ease application process. Manager, Regional State Government Affairs, Pharmacia Corporation and Chairman, PhRMA Task Force. Submits patient assistance program directory ( <b>EXHIBIT F</b> ). Offers estimated figure for industry on assistance programs and describes the patient access process.
276	Vice-Chair Tomei	Inquires on categories of promotional drugs.
277	Nielson	Explains qualifying drugs. Continues description of process for patient access to assistance programs. Addresses waiting period to access prescriptions.
321	Vice-Chair Tomei	Inquires on patient access via community clinics.
328	Gardner	Clarifies safety net clinics are prime users of programs.
335	Vice-Chair Tomei	Inquires if process applies to separate drugs.
336	Nielson	Explains manufacturer process.
348	Rep. Monnes Anderson	Inquires on whether patient would know which drug manufacturer to contact.
352	Nielson	Explains promotion of assistance programs. Explains physicians and care givers can inform on manufacturer. Points out variety of criteria for assistance program qualification.
460	Nielson	Continues presentation on patient assistance programs. Reports provider staffing and exposes related to assistance programs. Notes advocacy coalition work to enroll patients in assistance programs. Reports on research regarding patient assistance access.
<b>TAPE 38, B</b>		
038	Nielson	Summarizes Northwest data on patient's access to assistance programs.
044	Gardner	Submits handout which documents Northwest patient access to assistance programs ( <b>EXHIBIT G</b> ).
053	Rep. Monnes Anderson	Questions implementation of assistance programs relating to case management programs.
065	Gardner	Explains charitable contributions from PhRMA to implement program. Notes software solutions to implement program. State industry preference to work collaboratively with private, nonprofit sector.
085	Rep. Monnes Anderson	Notes comments from constituents at a district forum.
094	Gardner	Relates importance of broad based community effort.
101	Vice-Chair Tomei	Inquires on assistance program's use of generic drugs.
103	Nielson	Reports on generic drug access.
109	Vice-Chair Tomei	Reports concern of providing brand drugs versus generic drugs.
112	Gardner	States nature of generic business as commodity business. Explains position on generic drugs. Reiterates program is not a substitute for long range solution.
134	Nielson	Explains Oregon mandatory generic use policy.
143	Vice-Chair Tomei	Restates question of PhRMA providing generic drugs.
144	Nielson	Reports that Pharmacia does not provide generic drugs.
160	Ann Tweedt	Bristol-Meyers Squibb Company. Submits informational packet on Together Rx ( <b>EXHIBIT H</b> ). Lists manufacturers participating in program. Discusses senior assistance program eligibility and benefits. Discusses 150 drugs qualifying for coverage.
229	Rep. Monnes Anderson	Inquires on process of brand drug becoming generic drug.

230	Tweedt	Describes patent process and timeline.
240	Rep. Monnes Anderson	Expresses benefits of shortening time period.
242	Tweedt	Explains relationship between patent and marketing.
250	Chair Kruse	Relates federal regulations regarding patents and marketing.
263	Russ Spencer	Pfizer, Inc. Submits pamphlet ( <b>EXHIBIT I</b> ). Explains assistance program and discusses Pfizer's Share Card and Connection to Care program ( <b>EXHIBIT J</b> ). Addresses gap between need, access to programs and the one-stop access efforts.
359	Vice-Chair Tomei	Inquires on complications created by multiple prescriptions. Questions unified process.
370	Spencer	Discusses clearinghouse concepts to simplify access. Notes policy on referring patients to correct manufacturer.
395	Rep. Monnes Anderson	Inquires on generic timeline.
403	Spencer	Notes Pfizer, Inc. is not involved in generic drug manufacturing. Offers PhRMA as a host for a Brand-Generic Drug Informational presentation to bring members up to speed on industry. Relates impact of generic drugs on brand manufacturers.
424	Vice-Chair Tomei	Questions cost of brand drugs related to marketing.
435	Spencer	Offers example of marketing budget and research and development budget for Pfizer, Inc.
<b>TAPE 39, A</b>		
018	Vice-Chair Tomei	Inquires on percent of research and development budget is provided by federal government
019	Spencer	Responds the figure is low. Relates high cost of research and development.
030	Rep. Monnes Anderson	Inquires on research grant applications.
039	Chair Kruse	Requests saving that information for upcoming presentation at later meeting date.
045	Tweedt	Informs that specifics can be offered during an informational presentation as suggested earlier.
049	Rep. Barker	Comments on research and development.
057	Gardner	Submits Executive Summary ( <b>EXHIBIT K</b> ). Submits Michigan information on practitioner managed versus physician driven prescription program ( <b>EXHIBIT L</b> ). Submits Michigan website information on price differentials on retail prices of drugs ( <b>EXHIBIT M</b> ).
131	Rep. Tomei	Inquires on budget for advertising patient assistance programs.
132	Gardner	Reports not having exact figure and will provide the information. Informs on expansion of new web resources.
135	Chair Kruse	Notes complexity of issue. Adjourns meeting at 11:16 A.M.

## **EXHIBIT SUMMARY**

**A – LC Draft 2365, staff, 5 pp.**

**B – LC Draft 2963, staff, 9 pp.**

**C – Informational, written testimony, Lis Merten, 33 pp.**

**D – Informational, written testimony, Ron Hartman, 1 p.**

**E – Informational, written testimony, Jim Gardner, 10 pp.**

**F – Informational, guide, Paul Nielson, 26 pp.**

**G – Informational, prepared testimony, Jim Gardner, 1 p.**

**H – Informational, prepared testimony, Ann Tweedt, 15 pp.**  
**I – Informational, brochure, Russ Spencer, 8 pp.**  
**J – Informational, prepared testimony, Russ Spencer, 2 pp.**  
**K – Informational, prepared testimony, Jim Gardner, 1 p.**  
**L – Informational, written testimony, Jim Gardner, 3 pp.**  
**M – Informational, written testimony, Jim Gardner, 5 pp.**