Oregon Prescription Drug Affordability Board

Policy Memorandum

To: Oregon Prescription Drug Affordability Board
From: Cortnee Whitlock, program and senior policy analyst
Re: Expanding Oregon PDAB scope
Date: Sept. 8, 2026

Summary

This memorandum presents policy options for the Oregon Prescription Drug Affordability Board (PDAB) to discuss how the board could expand its scope beyond its current affordability reviews for individual drugs while working toward the board's mission of protecting Oregonians and stakeholders within the Oregon health care system from the high costs of prescription drugs.

ORS 646A.694 directs the board to identify up to nine drugs each year that may create affordability challenges. A 2026 amendment to the law changed the treatment of insulin products, permitting the board to also identify at least one insulin product while removing the previous requirement to identify at least one insulin product in each review. The current review criteria are largely applied to an individual drug. The criteria allow context, but the statutory outline keeps the board focused on describing a product's utilization, price, spending, rebates, value, and cost-sharing when assessing affordability rather than examining how manufacturers, pharmacy benefit managers (PBMs), health plans, plan sponsors, prescribers, pharmacists, purchasers, and competitors shape what Oregonians ultimately pay for prescription drugs or whether they obtain treatment.[1]

A broader review lens would permit the board to select policy-relevant problems, compare market mechanisms, and advise legislators about which approaches show evidence of system savings, lower patient costs, or improved access.

Oregon public comments reinforce this need. Consumers describe affordability challenges through pharmacy point-of-sale costs, coverage changes, prior authorization, treatment delay, shortages, and uncertainty about assistance. Market participants offer competing explanations involving manufacturer pricing, rebates, PBM practices, formulary placement, pharmacy reimbursement, and safety-net effects. These comments identify questions for additional consideration.[2]

[1] Oregon Revised Statutes 646A.693-646A.697 (2025), especially 646A.694. https://www.oregonlegislature.gov/bills_laws/ors/ors646a.html; Oregon Legislative Assembly. (2026). House Bill 4040, enrolled, section 35. https://olis.oregonlegislature.gov/liz/2026R1/Downloads/MeasureDocument/HB4040/Enrolled.
[2] Oregon Prescription Drug Affordability Board. (2026, June 17). Consumer outreach report. https://dfr.oregon.gov/pdab/Documents/2026-consumer-outreach-report.pdf.

Existing Oregon drug related programs

Oregon has several programs related to prescription drug pricing, purchasing, or other information. Oregon's Sustainable Health Care Cost Growth Target Program reports pharmacy spending gross and net of aggregate rebates. The Prescription Drug Price Transparency (DPT) Program receives manufacturer price reports, insurer reported top-drug lists and impacts on rates, consumer reports, and aggregated PBM financial information. Oregon's All Payer All Claims (APAC) Reporting Program supplies information on utilization, allowed spending, and patient cost-sharing information for insured populations.[3]

The Oregon Prescription Drug Program (OPDP) and ArrayRx provide multistate purchasing, transparent PBM services, pass-through contracting, audit rights, and a consumer discount card. ORS 414.312 authorizes OPDP to negotiate discounts, purchase for eligible entities, establish program prices, allocate rebates, and cooperate with other states. The Oregon Health Plan (OHP) separately operates preferred-drug, rebate, utilization-review, and drug carve-out processes.[4]

Oregon also licenses PBMs, receives aggregated reports on PBM rebates, fees and spread-pricing revenue, may request from licensed PBMs certain contracts with pharmacies or pharmacy services administrative organizations, as well as PBM provider manuals, and collects commercial prior-authorization and patient-protection information from health insurance plans. OPDP's Critical Access Pharmacy structure provides an existing lens for evaluating rural and high-poverty pharmacy access.[5]

The Oregon Prescription Drug Affordability Board interacts with some of these programs when it collects data for the annual drug reviews. Additionally, board members sometimes refer people who are struggling to afford prescriptions to search for the medication price through ArrayRx. The board also transmits a copy of the PDAB annual legislative report to the Sustainable Cost Growth Target Program.

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[3] Oregon Health Authority. (2026). Sustainable Health Care Cost Growth Target (CGT) Program. https://www.oregon.gov/oha/HPA/HP/Pages/Sustainable-Health-Care-Cost-Growth-Target.aspx; Oregon Division of Financial Regulation. (n.d.). Drug Price Transparency data. https://dfr.oregon.gov/drugtransparency/data/pages/index.aspx; Oregon Health Authority. (n.d.). APAC dashboards and reports. https://www.oregon.gov/oha/hpa/analytics/pages/apac-dashboards.aspx.

[4] Oregon Revised Statutes 414.312 (2025). https://www.oregonlegislature.gov/bills_laws/ors/ors414.html; Oregon Health Authority. (n.d.). Oregon Prescription Drug Program and ArrayRx. https://www.oregon.gov/oha/hpa/dsi-opdp/pages/index.aspx; Oregon Health Authority. (n.d.). OHP pharmaceutical services. https://www.oregon.gov/oha/hsd/ohp/pages/policy-pharmacy.aspx.

[5] Oregon Revised Statutes 735.530-735.538 (2025). https://www.oregonlegislature.gov/bills_laws/ors/ors735.html; Oregon Division of Financial Regulation. (n.d.). Pharmacy benefit managers. https://dfr.oregon.gov/drugtransparency/pages/dpt-pharmacy-benefit-managers.aspx; Oregon Division of Financial Regulation. (n.d.). Prior authorization reporting. https://dfr.oregon.gov/business/reg/health/pages/prior-authorization-reporting.aspx. Oregon Health Authority. (n.d.). Community Pharmacy Partners Workgroup. https://www.oregon.gov/oha/HPA/DSI-Pharmacy/Pages/Community-Pharmacy-Partners-Workgroup.aspx.

How other-state concepts compare with Oregon

Table 1 examines how Massachusetts, Maine, Jersey, Washington, California, and Minnesota approach studies and recommendations regarding prescription drug affordability. Table 1 has a column showing gaps in research areas for each state and what Oregon PDAB could learn or implement from these state programs.

Table 1 How other state programs address prescription drug costs

State concept	What the state does	Similar in Oregon	What remains different or unmeasured	Possible Oregon PDAB expansion considerations
Massachusetts: pharmaceutical cost oversight[6]	The Health Policy Commission's cost-trend hearings examine manufacturers and PBMs. A pharmaceutical policy office analyzes access, affordability, spending, and market practices.	Cost Growth Target, DPT hearings, and PBM reports.	No single review connects price, rebates, benefit design, reimbursement, patient cost and access.	Review industry practices or therapeutic markets and hold a public hearing for people to talk about cost-and-access of any drug, not limited to the drugs under board review.
Maine: public-payer drug spending targets[7]	The PDAB sets aggregate and drug-specific public-payer spending targets and considers rebates, common formularies, bulk purchasing, interstate collaboration, and shared PBM services.	Oregon has a statewide health care cost-growth target and several public purchasers.	No routine comparison of public purchasers' pharmacy growth, contract performance, patient cost or access.	Develop nonbinding public-purchaser benchmarks and identify opportunities for coordination on formulary and purchasing strategies.
New Jersey: PBM reverse auction[8]	The state uses an online reverse auction and contract-monitoring platform to procure PBM	ArrayRx already offers transparent public-sector PBM procurement, pass-through pricing and audit rights.	Participation and results are not compared publicly across Oregon public purchasers.	Compare PBM guarantees, fees, pass-through, audit results, pharmacy effects and patient

[6] Massachusetts General Court. (2024). Chapter 342: An act relative to pharmaceutical access, costs and transparency. https://malegislature.gov/Laws/SessionLaws/Acts/2024/Chapter342; Massachusetts Health Policy Commission. (n.d.). Office of Pharmaceutical Policy and Analysis. https://masshpc.gov/offices-and-task-forces/oppa.

[7] Maine Legislature. (2025). Maine Revised Statutes, Title 5, 2042: Powers and duties of the board. https://legislature.maine.gov/statutes/5/title5sec2042-1.html.

[8] New Jersey Legislature. (2017). Senate Bill 2749: Procurement of pharmacy benefits manager, automated reverse auction services, and claims adjudication services. https://www.njleg.state.nj.us/bill-search/2016/S2749.

State concept	What the state does	Similar in Oregon	What remains different or unmeasured	Possible Oregon PDAB expansion considerations
	services for public employee plans.			outcomes for public purchasers.
Washington: unified PDL and ArrayRx[9]	Washington uses a single Medicaid preferred drug list and offers the ArrayRx discount card for drugs not covered by insurance or for people without drug coverage.	Oregon already participates in ArrayRx; OHP maintains a fee-for-service PDL while CCOs use formularies.	Discount-card effects and formulary variation are not evaluated together for savings and continuity.	Assess ArrayRx reach and savings; examine whether formulary variation causes avoidable switching or missed leverage.
California: public-interest supply[10]	California partners with nonprofit and commercial manufacturers to make low-cost products available under a state label using transparent prices rather than commercial rebate structures.	OPDP may purchase, contract and cooperate in multistate procurement, but cannot operate a state distribution system.	No CalRx-style white-label or advance-purchase partnership.	Study contracted nonprofit supply, advance commitments, or multistate procurement for a specific fragile market.
Minnesota: insulin safety net[11]	Manufacturers must provide urgent and continuing insulin supplies to eligible residents; participants pay no more than $50 for a 90-day supply.	Oregon caps commercial-plan insulin cost sharing at $35; OHP generally has no member prescription cost sharing.	Effects on adherence, remaining uninsured individuals, coverage gaps, premiums and access are not comprehensively evaluated.	Evaluate Oregon's cap and gaps before recommending an emergency or manufacturer-funded safety net program.

The larger picture of Oregon health care resources must also inform analysis of prescription drug affordability. The Health Care Cost Growth Target Program reports that health care spending in Oregon in 2024 totaled $42.99 billion dollars, 6.7 percent more than spending in 2023. Total retail pharmacy spending grew slightly slower at 5.1 percent and medical pharmacy spending grew more rapidly at 11.0 percent from 2023 to 2024. Retail pharmacy is a larger segment with approximately $4.7 billion statewide spending (net of pharmacy rebates) in 2024. Statewide medical pharmacy spending was

[9] Washington State Health Care Authority. (n.d.). Prescription Drug Discount Card. https://www.hca.wa.gov/billers-providers-partners/program-information-providers/prescription-drug-discount-card.
[10] State of California. (n.d.). CalRx: Making prescription drugs more affordable for Californians. https://calrx.ca.gov/.
[11] Minnesota Board of Pharmacy. (n.d.). Minnesota Insulin Safety Net Program. https://www.mninsulin.org/

smaller at approximately $1.9 billion (gross of rebates) in 2024.[12] Other indicators also suggest cost challenges for consumers and the health care system. The final rate orders issued by the Division of Financial Regulation have increases in 2027, averaging 21.6 percent in the individual market and 15.5 percent in the small group market.[13]

Potential areas for expanded board consideration

The following concepts would use integration of existing Oregon information as the method supporting two possible review functions.

1. Market-impact reviews: Select one or two annual subjects such as PBM compensation, formulary variation, biosimilar uptake, pharmacy reimbursement, cost sharing accumulators and maximizers, shortages, specialty distribution, prescription abandonment and gaps in communication between pharmacies and prescribers, or a therapeutic-class market. Combine existing Oregon evidence with testimony and state comparisons. Release a report with analysis and findings.

2. Policy-performance evaluation: Assess whether existing Oregon policies—such as the insulin cap, ArrayRx, PBM licensure and reporting, Critical Access Pharmacy protections, or reduced spending or patient costs, improved access, shifted costs, increased system costs, or produced other unintended effects. Combine existing Oregon evidence with testimony and state comparisons. Release a report with analysis and findings.

Potential statutory direction for discussion

For discussion, statutory revision could preserve individual-drug reviews while expressly authorizing the board, subject to available resources, to review therapeutic classes, market segments, industry practices, purchasing arrangements, access issues, or existing state policies. In conducting this work, the board could coordinate with relevant Oregon programs or agencies, including work conducted through the Outcome Review process, to use existing evidence, avoid duplicative evaluations and reporting, identify remaining information gaps, and provide subject-matter expertise on prescription drug affordability. Where a review identifies material concerns related to cost, patient access, competition, or supply, the board could recommend legislation; implementation and enforcement would remain with the agency holding operational authority. Because broader reviews and reports would require resources that might otherwise support individual drug reviews, the board should determine how to allocate its staff time and resources between these functions.

[12] Oregon Health Authority. Health Care Cost Growth Trends in Oregon, 2023-2024. Portland, OR. August 2026. https://www.oregon.gov/oha/HPA/HP/Cost%20Growth%20Target%20documents/Oregon-Health-Care-Cost-Trends-Report-2023-2024.pdf.

[13] Division of Financial Regulation. (2026). News Release: Division of Financial Regulation finalizes 2027 health insurance rates, acts to preserve coverage choices statewide. Division of Financial Regulation : Division of Financial Regulation finalizes 2027 health insurance rates, acts to preserve coverage choices statewide : 2026 News Releases : State of Oregon

Conclusion

Oregon already has many of the building blocks that other states use to influence prescription-drug costs. The consideration is for the board to have an expanded authority and capacity to review issues that examine how market practices affect cost and access. The board could also evaluate whether enacted policies produce measurable results and identify statutory gaps for targeted recommendations. This approach could make the board's work more useful to legislators and Oregonians while leaving program administration, implementation, and enforcement with the agencies that hold operational authority.

Questions for board consideration

- Which existing Oregon program is closest to the policy under consideration, and what gap remains?
- Should the board prioritize integrating existing evidence, investigating market practices, or evaluating enacted policies?
- What result should count as success: lower net public spending, lower patient cost sharing, reduced prescription abandonment, better pharmacy access, improved competition, supply continuity, or something else?
- What minimum information should future legislation require so the board can evaluate whether a policy worked?