

Legislative Report from the Capitol

By Bill Cross & Niki Terzieff, OSHP's Government Affairs Advocates

We are currently in the calm before the storm in the Oregon legislature. Roughly two-thirds of the bills introduced this session are dead because they did not get passed out of the originating committee by the April deadline. Lawmakers are spending much of their time in the procedural motions as bills move from one chamber to the next. The high volume of bills passed out of committee in the final days before the chamber of origin deadline has led to long hours on the chamber floors as lawmakers must discuss and vote on each bill.

The few remaining contentious issues are being postponed while attention shifts to the strenuous task of balancing the state budget. News accounts of the legislature have focused on recent budget developments, such as the list of budget cuts and a cost-containment report from budget leaders, but there has been minimal progress in defining the pathway forward. These developments are more a political tactic to drive attention towards the revenue debate than they are about addressing the \$1.6 billion shortfall.

Leadership has formed a special committee on tax reform to consider options for restructuring the state tax system. Oregon's revenue stream is highly volatile because of its reliance on the personal income tax. Lawmakers are interested in finding ways to reduce the volatility and, potentially, raise revenues in the process. The committee is expected to focus on a proposal crafted by a bipartisan group of legislators that would eliminate the corporate income tax and replace it with a low-rate, broad-base gross receipts tax. Legislators from the workgroup argue the new proposal presents an alternative to the gross receipts tax proposed in Measure 97 because it is a low rate assessed across most or all businesses, instead of a high rate assessed on a narrow group of businesses.

There are already some factions in the business community, primarily retailers and out-of-state businesses not currently taxed in Oregon but would be under the proposal, who are reviving the opposition campaign from Measure 97. The committee will begin meeting next week. However, it may be too late for the state to reform its way to new revenue. Tax reform is a delicate and time-consuming process that usually takes years, not weeks, and our state legislators simply do not have enough time.

Gov. Kate Brown has also joined in the cost-reduction conversations and announced a series of cost-reduction strategies she will deploy using executive orders. Thus far, the governor has announced an executive branch hiring freeze, time restrictions for state employee collective bargaining and a task force to identify cost reductions in the public pension system. These budget announcements, similar to those in the legislature, are mostly political. The business community has committed itself to a conversation on business tax increases if the legislature acknowledges it has a spending problem. The efforts of the legislature and the governor to suggest spending reductions are an effort to appease the business community and demand their presence at the negotiation table.

The continued release of budget proposals and tax increases will surely raise the level of tension in the building which will make it more difficult for the Legislature to find middle ground. With \$1.6 billion at stake...there will also be winners and losers.

Health care issues remain one of the principle areas of legislative debate due to the continued escalation of costs both in the delivery of health care and the expanded population of covered lives by the Oregon Health Plan – nearly one-quarter of the state’s population. The Oregon State Pharmacy Coalition has been able to take some initiative in these discussions by promoting and securing legislation to improve cost-effective health care and enhanced health care access.

OSHP and OSPA introduced HB 2397 to allow the State Board of Pharmacy, overseen by the Public Health and Pharmacy Formulary Advisory Committee, to authorize pharmacist prescribing in specific situations ‘by rule’. Adoption of this legislation will eliminate the current ‘one drug at a time’ approach by providing a discipline-diverse panel of prescribers and a streamlined procedure to effectively employ pharmacists to meet the healthcare needs of Oregonians. Enactment will increase patient access to non-diagnostic therapies important to public health and pharmacist management of post-diagnostic disease management across the state. HB 2397A has been approved by both chambers and is on its way to the Governor’s office.

Capping a nearly four-year battle, the Oregon Legislature has also approved HB 2388A, which gives the Insurance Division the tools it needs to enforce the 2013 legislation regulating pharmacy benefit managers (PBMs). OSHPA and OSHPA-secured an interim work group in the 2016 legislative session which resulted in the recommendations contained in HB 2388A. Awaiting the Governor’s signature, this measure will finally ensure a fair and transparent medication delivery marketplace.

Monitoring sixty+ pharmacy-related bills, OSHPA has also been actively supporting legislation:

- to expand birth control contraceptive options and insurance coverage of pharmacist consultation fees (HB 2527A);
- adoption of the first statewide drug disposal program (HB 2645A);
- expanding rural practice tax credits and incentives to include pharmacists (HB 3261A, HB 2373 and HB 2046), and;
- efforts to reign in the high costs of drugs (HB 2387).

Please feel free to contact us at any time if you have any questions by emailing Bill Cross at bill@wvcross.com or Niki Terzieff at niki@leadingedgepublicaffairs.com.