Oregon measure seeks to widen cheap drug program

By Teresa Carson
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PORTLAND, Oregon (Reuters) - Oregon voters will decide next week whether the state should start using its collective-buying power to get discounts on prescription drugs and pass savings onto residents by selling them on at cost.

The ballot measure could be seen as a challenge to drug companies, by forcing them to negotiate directly with the Northwest U.S. state. Federal law, by contrast, prevents the Medicare program from negotiating prices with pharmaceutical companies.

Drug companies have not yet taken an official stand on the Oregon proposal, however.

Measure 44, to be voted on in the general election on Tuesday, would let anyone in the state who does not have prescription drug coverage, estimated at more than 1 million people or a third of the population, to buy them through a pool. There would be no income or age restrictions.

"We are confident this will pass," said Jerry Cohen, executive director of the Oregon American Association of Retired Persons (AARP) and a supporter of the measure. "Other states will look at this and say 'if Oregon can do this, why can't we do it too?'"

While the concept of states buying in bulk is not new, most states buy for narrower populations such as the elderly, people on low incomes, state employees or those living in state facilities.

Richard Cauchi, health program director for the National Conference of State Legislatures, said there was a spectrum of programs in different states. "But the enrollment has not been dramatic, so far," he added.

Soaring drugs prices have already prompted action outside politics. Wal-Mart Stores Inc. said in September it would sell nearly 300 generic prescription drugs for $4 a month, a move followed by other retailers such as Target Corp..

Oregon's measure has no official opposition and is expected to pass easily because it would not cost taxpayers anything, since participants would pay a small fee tacked on to the drug price to fund the program.

The state already has a bulk-buying prescription drug plan, with age and income limits. Participants save an average of $26 per prescription under the existing program, according to Oregon AARP statistics.

"The question is whether the drug makers will respond positively," said Alan Sager, a professor at