SENATE, No. 249

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator SHIRLEY K. TURNER District 15 (Hunterdon and Mercer)

SYNOPSIS

Requires pharmacy benefits manager providing services within Medicaid program to disclose certain information to DHS.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1	AN ACT concerning pharmacy benefits managers providing services
2	within the Medicaid program and supplementing Title 30 of the
3	Revised Statutes.
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5	BE IT ENACTED by the Senate and General Assembly of the State
6	of New Jersey:
7	of them versey.
8	1. a. Any contract or other arrangement entered into by a
9	managed care organization that has contracted with the Division of
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	Medical Assistance and Health Services in the Department of
11	Human Services to provide benefits under the Medicaid Program
12	for the provision of pharmacy benefits management services shall
13	require the pharmacy benefits manager to disclose to the
14	department:
15	(1) all sources and amounts of income, payments, and financial
16	benefits received by the pharmacy benefits manager in relation to
17	the provision and administration of pharmacy benefits management
18	services on behalf of the managed care organization, including, but
19	not limited to, any pricing discounts, rebates of any kind,
20	inflationary payments, credits, clawbacks, fees, grants, chargebacks,
21	reimbursements, or other benefits;
22	(2) all ingredient costs and dispensing fees or similar payments
23	made by the pharmacy benefits manager to any pharmacy in
24	connection with the contract or other arrangement; and
25	(3) the pharmacy benefits manager's payment model for
26	administrative fees.
27	b. As used in this section:
28	"Pharmacy benefits manager" means a corporation, business, or
29	other entity, or unit within a corporation, business, or other entity,
30	that administers prescription drug benefits on behalf of a managed
31	care organization.
32	"Pharmacy benefits management services" mean the provision of
33	any of the following services on behalf of a managed care
34	organization: the procurement of prescription drugs at a negotiated
35	rate for dispensation within this State; the processing of prescription
36	drug claims; or the administration of payments related to
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	prescription drug claims.
38	2 The Commission of Henry Commission was the three
39	2. The Commissioner of Human Services, pursuant to the
40	"Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
41	seq.), shall adopt rules and regulations necessary to implement the
42	provisions of this act.
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44	3. This act shall take effect immediately.
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47	STATEMENT
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This bill requires a pharmacy benefits manager providing

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services within Medicaid program to disclose certain information to the Department of Human Services. It is the sponsor's goal that such transparency will help the State to assess the magnitude in which pharmacy benefits managers engage in spread pricing. Spread pricing means any amount charged or claimed by a pharmacy benefits manager in excess of the amount paid to a pharmacy on behalf of a managed care organization, less an administrative fee. Studies in other states have estimated that prohibiting spread pricing could save Medicaid programs up to \$43 million annually.

Under this bill, any contract or other arrangement entered into by a managed care organization that has contracted with the Division of Medical Assistance and Health Services in the Department of Human Services to provide benefits under the Medicaid Program for the provision of pharmacy benefits management services would require the pharmacy benefits manager to disclose to the department:

- (1) all sources and amounts of income, payments, and financial benefits received by the pharmacy benefits manager in relation to the provision and administration of pharmacy benefits management services on behalf of the managed care organization, including, but not limited to, any pricing discounts, rebates of any kind, inflationary payments, credits, clawbacks, fees, grants, chargebacks, reimbursements, or other benefits;
- (2) all ingredient costs and dispensing fees or similar payments made by the pharmacy benefits manager to any pharmacy in connection with the contract or other arrangement; and
- (3) the pharmacy benefits manager's payment model for administrative fees.

As defined in the bill, a "pharmacy benefits manager" means a corporation, business, or other entity, or unit within a corporation, business, or other entity, that administers prescription drug benefits on behalf of a managed care organization. "Pharmacy benefits management services" is further defined to mean the provision of any of the following services on behalf of a managed care organization: the procurement of prescription drugs at a negotiated rate for dispensation within this State; the processing of prescription drug claims; or the administration of payments related to prescription drug claims.