

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

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

18 (1) all sources and amounts of income, payments, and financial
19 benefits received by the pharmacy benefits manager in relation to
20 the provision and administration of pharmacy benefits management
21 services on behalf of the managed care organization, including, but
22 not limited to, any pricing discounts, rebates of any kind,
23 inflationary payments, credits, clawbacks, fees, grants, chargebacks,
24 reimbursements, or other benefits;

25 (2) all ingredient costs and dispensing fees or similar payments
26 made by the pharmacy benefits manager to any pharmacy in
27 connection with the contract or other arrangement; and

28 (3) the pharmacy benefits manager's payment model for
29 administrative fees.

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