

P.L. 2021, CHAPTER 151, *approved July 2, 2021*
Senate Committee Substitute (*First Reprint*) for
Senate, No. 887

1 AN ACT concerning prescription drug services provided under the
2 Medicaid program and supplementing Title 30 of the Revised
3 Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 ¹**[1.** This act shall be known and may be cited as the “Medicaid
9 Prescription Drug Quality, Cost, and Transparency Act.”**]**¹

10
11 ¹**[2.** The Legislature finds and declares:

12 a. The State has a continuing responsibility to ensure that funds
13 expended under the Medicaid program are used appropriately and
14 efficiently to promote the public health;

15 b. Opportunities exist for improved health outcomes and
16 increased efficiencies in the provision of prescription drug services
17 in the Medicaid program.

18 c. Other states and the federal government have utilized
19 varying strategies such as consolidated benefit purchasing,
20 increased transparency, and enhanced medication therapy
21 management programs to increase cost-efficiency, improve
22 medication safety, and improve overall health outcomes in the
23 provision of prescription drug services.

24 d. As prescription drug prices continue to rise, the State must
25 employ innovative policy initiatives that help cover the costs of
26 Medicaid services and prevent harmful benefit reductions for
27 Medicaid recipients; and

28 e. It is therefore in the best interests of the State to undertake
29 steps to foster safety and quality, efficient purchasing, and
30 increased transparency in prescription drug benefits under the
31 Medicaid program in order to realize cost savings to the State and
32 improve health outcomes for Medicaid recipients in the State.**]**¹

33
34 ¹**[3.]** 1.¹ The Division of Medical Assistance and Health
35 Services in the Department of Human Services shall contract with a
36 third party entity to apply a risk reduction model to prescription
37 drug services provided under the Medicaid program established
38 pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.), for the purpose of
39 identifying and reducing simultaneous, multi-drug medication-
40 related risk and adverse drug events, enhancing compliance and

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted January 21, 2021.

1 quality of care, and improving health-related outcomes while
 2 reducing total cost of care in a measurable and reportable manner.
 3 In carrying out this purpose, the model, at a minimum, shall
 4 leverage Medicaid prescription drug claims data, pharmacokinetic
 5 and pharmacodynamic sciences, appropriate technologies, clinical
 6 call centers located in New Jersey and staffed by board-certified
 7 pharmacists licensed pursuant to P.L.2003, c.280 (C.45:14-40 et
 8 seq.), and include coordination of services with a network of local
 9 community pharmacies located throughout the State. For the
 10 duration of the contract, the division shall share the medical and
 11 pharmacy claims data for all Medicaid beneficiaries with the third
 12 party administering the model for the purposes of effectuating the
 13 model, which claims data shall include historical data.
 14

15 ¹4. No later than 60 days after the effective date of this act, the
 16 Department of the Treasury shall prepare and issue a report that
 17 includes a determination of the most cost-effective way to:
 18 administer prescription drug services provided under the Medicaid
 19 program through one entity; and procure prescription drug services
 20 provided by the single entity. The report shall include, but shall not
 21 be limited to, a determination as to whether the services shall be
 22 administered using a fee-for-service model and whether the services
 23 shall be administered directly by the State via the State Fiscal Agent
 24 or via a single pharmacy benefits manager.¹
 25

26 ¹5. a. The Department of the Treasury shall, based on the
 27 findings of the report produced by the department pursuant to
 28 section 4 of this act, issue a request for proposals for a single entity
 29 to administer the prescription drug services provided under the
 30 Medicaid program. The department shall award a contract for a
 31 single entity to administer prescription drug benefits under the
 32 Medicaid program no later than July 1, 2021. The request for
 33 proposals and any contract awarded based on that request for
 34 proposals shall require the selected entity to disclose the following
 35 information, at a minimum and as appropriate, to the Department of
 36 Human Services:

37 (1) all sources and amounts of income, payments, and financial
 38 benefits received by the entity in relation to the provision and
 39 administration of prescription drug services on behalf of the State,
 40 including, but not limited to, any pricing discounts, rebates of any
 41 kind, inflationary payments, credits, clawbacks, fees, grants,
 42 chargebacks, reimbursements, or other benefits;

43 (2) all ingredient costs and dispensing fees or similar payments
 44 made by the entity to any pharmacy in connection with the contract
 45 or other arrangement;

46 (3) the entity's payment model for administrative fees; and

1 (4) any differences between the amount paid by the entity to a
2 pharmacy for each prescription drug dispensed and the amount
3 charged to the Medicaid program for that prescription drug.

4 b. A contract entered into pursuant to a request for proposals
5 issued pursuant to subsection a. of this section shall specify the
6 detail, methodology, time and manner of the disclosures required of
7 the entity under subsection a. of this section. All disclosures shall
8 be subject to audit and penalties for willful failure to disclose.

9 c. Information disclosed by an entity pursuant to subsection a. of
10 this section shall be confidential and not be subject to public
11 disclosure under P.L.1963, c.73 (C.47:1A-1 et seq.) or P.L.2001,
12 c.404 (C.47:1A-5 et al.). In addition to any other penalty provided
13 by law, a person who is authorized to access information submitted
14 pursuant to subsection a. of this section who knowingly discloses
15 such information to any person or entity who is not authorized to
16 access the information shall be guilty of a crime of the fourth
17 degree and shall be subject to a civil penalty in an amount not to
18 exceed \$10,000. A civil penalty imposed under this subsection
19 shall be collected by the Commissioner of Health in summary
20 proceedings before a court of competent jurisdiction pursuant to the
21 "Penalty Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10
22 et seq.).

23 d. The entity administering Medicaid prescription drug services
24 for the State shall negotiate supplemental rebates above the
25 mandatory federal minimum with drug manufacturers, which may
26 include, as appropriate, entering into multi-state coalitions for
27 negotiation purposes and establishing a preferred drug list, in order
28 to maximize cost savings under the Medicaid program.】¹

29
30 ¹【6. The Commissioner of Human Services shall apply for such
31 State plan amendments or waivers as may be necessary to
32 implement the provisions of this act and to secure federal financial
33 participation for State Medicaid expenditures under the federal
34 Medicaid program.】¹

35
36 ¹【7. The Commissioner of Human Services shall adopt rules and
37 regulations pursuant to the "Administrative Procedure Act,"
38 P.L.1968, c.410 (C.52:14B-1 et seq.), to effectuate the purposes of
39 this act.】¹

40
41 ¹【8.】 2.¹ This act shall take effect immediately.
42
43
44

45
46 Requires DHS to contract with third party entity to apply risk
47 reduction model to Medicaid prescription drug services.