

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 887**

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 21, 2021

The Senate Budget and Appropriations Committee reports favorably a Senate Bill No. 887 (SCS), with committee amendments.

The bill, as amended, requires the Division of Medical Assistance and Health Services in the Department of Human Services to contract with a third party entity to apply a risk reduction model to prescription drug services provided under the Medicaid program for the purpose of identifying and reducing simultaneous, multi-drug medication-related risk and adverse drug events, enhancing compliance and quality of care, and improving health-related outcomes while reducing total cost of care in a measurable and reportable manner. To carry out this purpose, the model will leverage Medicaid prescription drug claims data, pharmacokinetic and pharmacodynamic sciences, appropriate technologies, clinical call centers located in New Jersey and staffed by board-certified pharmacists, and include coordination of services with a network of local community pharmacies located throughout the State. For the duration of the contract, the division will share the medical and pharmacy claims data for all Medicaid beneficiaries with the third party entity administering the model for the purposes of effectuating the model, which claims data will include historical data.

COMMITTEE AMENDMENTS

The committee amendments eliminate the bill's formal title and a findings and declarations section.

The committee amendments remove provisions of the bill establishing requirements for a single entity to administer prescription drug benefits under the Medicaid program. These removed provisions include requiring the Department of Treasury to prepare and issue a report that determines the most cost effective way to administer and procure prescription drug services utilizing a single entity and, based upon the report, to issue a request for proposals for a single entity to administer those services. The amended bill also removes provisions requiring the Commissioner of Human Services to apply for any necessary federal approvals for a single entity to administer the prescription drug benefits.

The committee amendments update the bill's synopsis to reflect the above changes.

FISCAL IMPACT:

The Office of Legislative Services estimates that the Department of Human Services will incur indeterminate annual expenditure increases to contract with a third party to apply a risk reduction model to prescription drug services provided under the Medicaid program. The department may also experience indeterminate annual cost savings in Medicaid pharmacy benefit expenses from application of the model. Pharmacy benefits under the Medicaid program are administered by managed care organizations (MCOs). MCOs have a financial interest in administering these benefits and implement their own initiatives to leverage quality outcomes. This estimate assumes that no overlap exists between the current MCO efforts and the risk reduction model implemented under the bill. To the extent overlap does exist, the annual cost savings will decrease. Further, to the extent that State Medicaid expenditures are matched by federal Medicaid funds, annual State Medicaid revenues may also decrease under this bill by an indeterminate amount.