

SENATE HEALTH, HUMAN SERVICES AND SENIOR CITIZENS COMMITTEE

STATEMENT TO **SENATE, No. 2035**

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 9, 2021

The Senate Health, Human Services and Senior Citizens Committee reports favorably and with committee amendments Senate Bill No. 2035.

As amended by the committee, this bill requires the public members of the New Jersey Drug Utilization Review Board to, at the time of their appointment, submit a written disclosure to the Department of Human Services and to the Office of the Attorney General detailing any financial interest or other benefit furnished to the member by a pharmaceutical distributor, pharmaceutical manufacturer, or pharmacy benefits manager within the preceding three years, including, but not limited to, any meals, payments, gifts, stocks, or salary, as well as any investment interest held in any pharmaceutical distributor, pharmaceutical manufacturer, or pharmacy benefits manager by the member. Thereafter, each public member will be required to update the written disclosure on a quarterly basis throughout the member's term of service on the board. The written disclosures will be made available to the public on the Internet websites of the Department of Human Services and the Office of the Attorney General.

An individual who fails to submit a written disclosure pursuant to the bill will be ineligible to serve as a board member and, if currently serving on the board, will be immediately removed from the board. In addition, any individual who submits a written disclosure that is materially false, misleading, inaccurate, or incomplete will be liable to a civil penalty of up to \$20,000.

The Drug Utilization Review Board conducts an ongoing review of drugs prescribed under the Medicaid and NJ FamilyCare programs to ensure that patients have access to effective, affordable forms of treatment while avoiding the use of ineffective, redundant, or unnecessary therapies. The goals of this review are to maximize patient safety, prevent waste, and reduce overall program costs. The Drug Utilization Review Board determines which drugs may be prescribed under the Medicaid and NJ FamilyCare programs without the need for additional authorization; inclusion on the list increases the

likelihood the drug will be prescribed to program beneficiaries, which provides a competitive advantage to the maker of the drug.

Recent investigations suggest there has been a comprehensive effort by pharmaceutical manufacturers to influence drug utilization review boards throughout the country by providing board members with meals, gifts, paid consulting jobs, all-expenses-paid conferences, and direct compensation, among other items of value. These efforts present a significant risk that board decisions will not reflect the best interests of the State and the best interests of Medicaid and NJ FamilyCare enrollees.

As reported by the committee with amendments, Senate Bill No. 2035 is identical to Assembly Bill No. 277(1R) which was also reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments revise the bill to require disclosure of any financial interest or other benefit furnished to a member of the Drug Utilization Board by a pharmaceutical distributor, pharmaceutical manufacturer, or pharmacy benefits manager; as introduced, the bill only required disclosures related to pharmaceutical manufacturers.