

[First Reprint]

**SENATE, No. 334**

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**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

**Sponsored by:**

**Senator TROY SINGLETON**

**District 7 (Burlington)**

**Senator NELLIE POU**

**District 35 (Bergen and Passaic)**

**SYNOPSIS**

Requires carriers to pass prescription drug savings to consumers.

**CURRENT VERSION OF TEXT**

As reported by the Senate Commerce Committee on February 10, 2022, with amendments.



1 AN ACT concerning pharmacy benefits managers and amending and  
 2 supplementing P.L.2015, c.179.

3

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

6

7 1. Section 1 of P.L.2015, c.179 (C.17B:27F-1) is amended to  
 8 read as follows:

9 1. As used in this act:

10 "Carrier" means an insurance company, health service  
 11 corporation, hospital service corporation, medical service  
 12 corporation, or health maintenance organization authorized to issue  
 13 health benefits plans in this State.

14 "Compensation" means any direct or indirect financial benefit,  
 15 but shall not include any <sup>1</sup>**[performance]**<sup>1</sup> compensation  
 16 <sup>1</sup>**[agreement]**<sup>1</sup> paid by a manufacturer, developer, or labeler <sup>1</sup>for  
 17 the performance of services<sup>1</sup>.

18 "Contracted pharmacy" means a pharmacy that participates in the  
 19 network of a pharmacy benefits manager through a contract with:

- 20 a. the pharmacy benefits manager directly;
- 21 b. a pharmacy services administration organization; or
- 22 c. a pharmacy group purchasing organization.

23 "Covered person" means a person on whose behalf a carrier or  
 24 other entity, who is the sponsor of the health benefits plan, is  
 25 obligated to pay benefits pursuant to a health benefits plan.

26 "Drug" means a drug or device as defined in R.S.24:1-1.

27 "Health benefits plan" means a benefits plan which pays hospital  
 28 or medical expense benefits for covered services, or prescription  
 29 drug benefits for covered services, and is delivered or issued for  
 30 delivery in this State by or through a carrier or any other sponsor.  
 31 For the purposes of this act, health benefits plan shall not include  
 32 the following plans, policies or contracts: accident only, credit  
 33 disability, long-term care, Medicare supplement coverage;  
 34 TRICARE supplement coverage, coverage for Medicare services  
 35 pursuant to a contract with the United States government, the State  
 36 Medicaid program established pursuant to P.L.1968, c.413  
 37 (C.30:4D-1 et seq.), coverage arising out of a worker's  
 38 compensation or similar law, the State Health Benefits Program, the  
 39 School Employees' Health Benefits Program, or a self-insured  
 40 health benefits plan governed by the provisions of the federal  
 41 "Employee Retirement Income Security Act of 1974," 29 U.S.C.  
 42 s.1001 et seq., coverage under a policy of private passenger  
 43 automobile insurance issued pursuant to P.L.1972, c.70 (C.39:6A-  
 44 1 et seq.), or hospital confinement indemnity coverage.

**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:

<sup>1</sup>Senate SCM committee amendments adopted February 10, 2022.

1     “Pharmaceutical manufacturer” or “manufacturer” means any  
2     entity that: (1) is engaged in the production, preparation,  
3     propagation, compounding, conversion, or processing of  
4     prescription drugs or biologics, by extraction from substances of  
5     natural origin or independently by means of chemical synthesis; or  
6     (2) is directly engaged in the packaging, repackaging, labeling,  
7     relabeling, or distribution of prescription drugs or biologics.  
8     “Pharmaceutical manufacturer” or “manufacturer” does not include  
9     a health care facility licensed by the Department of Health or a  
10    pharmacy holding a permit issued by the New Jersey State Board of  
11    Pharmacy.

12    "Pharmacy" means any place in the State where drugs are  
13    dispensed or pharmaceutical care is provided by a licensed  
14    pharmacist, but shall not include a medical office under the control  
15    of a licensed physician.

16    "Pharmacy benefits manager" means a corporation, business, or  
17    other entity, or unit within a corporation, business, or other entity,  
18    that administers prescription drug benefits on behalf of a purchaser.

19    "Pharmacy benefits management services" means the provision  
20    of any of the following services on behalf of a purchaser: the  
21    procurement of prescription drugs at a negotiated rate for  
22    dispensation within this State; the processing of prescription drug  
23    claims; or the administration of payments related to prescription  
24    drug claims.

25    "Prescription" means a prescription as defined in section 5 of  
26    P.L.1977, c.240 (C.24:6E-4).

27    "Prescription drug benefits" means the benefits provided for  
28    prescription drugs and pharmacy services for covered services  
29    under a health benefits plan contract.

30    "Purchaser" means any sponsor of a health benefits plan who  
31    enters into an agreement with a pharmacy benefits management  
32    company for the provision of pharmacy benefits management  
33    services to covered persons.

34    (cf: P.L.2019, c.274, s.2)

35

36    2. (New section) a. All compensation paid by a  
37    pharmaceutical manufacturer to a pharmacy benefits manager as a  
38    result of negotiations of a reduced price for a pharmaceutical  
39    between a pharmacy benefits manager and a manufacturer, in  
40    relation to a contract between a pharmacy benefits manager and a  
41    carrier related to its insured prescription drug benefits, shall be  
42    remitted to and retained by the carrier and shall be used by the  
43    carrier to lower the premium for covered persons under the carrier's  
44    health benefits plan or to allow for remittance directly to the  
45    covered person at the point of sale to reduce the insured's out of  
46    pocket costs.

47    b. A carrier shall annually file with the commissioner a report  
48    demonstrating how the carrier has complied with this section.

1       3. This act shall take effect on the 180th day next following the  
2       date of enactment <sup>1</sup>and shall apply to plans issued or renewed on or  
3       after January 1 of the next calendar year<sup>1</sup>, except the commissioner  
4       may take any anticipatory administrative action in advance as shall  
5       be necessary for the implementation of this act.