

ASSEMBLY, No. 1259

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblywoman BETTYLOU DECROCE

District 26 (Essex, Morris and Passaic)

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 AN ACT concerning pharmacy benefits managers providing services
2 within the Medicaid program and supplementing Title 30 of the
3 Revised Statutes.

4

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

7

8 1. a. Any contract or other arrangement entered into by a
9 managed care organization that has contracted with the Division of
10 Medical Assistance and Health Services in the Department of
11 Human services to provide benefits under the Medicaid Program for
12 the provision of pharmacy benefits management services shall
13 require the pharmacy benefits manager to disclose to the
14 department:

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

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

25 (3) the pharmacy benefits manager's payment model for
26 administrative fees.

27 b. As used in this section:

28 "Pharmacy benefits manager" means a corporation, business, or
29 other entity, or unit within a corporation, business, or other entity,
30 that administers prescription drug benefits on behalf of a managed
31 care organization.

32 "Pharmacy benefits management services" mean the provision of
33 any of the following services on behalf of a managed care
34 organization: the procurement of prescription drugs at a negotiated
35 rate for dispensation within this State; the processing of prescription
36 drug claims; or the administration of payments related to
37 prescription drug claims.

38

39 2. The Commissioner of Human Services, pursuant to the
40 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-
41 1 et seq.), shall adopt rules and regulations necessary to implement
42 the provisions of this act.

43

44 3. This act shall take effect immediately.

45

46

47

STATEMENT

48

49 This bill requires a pharmacy benefits manager providing
50 services within Medicaid program to disclose certain information to

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

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

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

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

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

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