

**ASSEMBLY, No. 2222**

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**STATE OF NEW JERSEY**

**219th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Assemblyman JOHN F. MCKEON**

**District 27 (Essex and Morris)**

**Assemblyman ROY FREIMAN**

**District 16 (Hunterdon, Mercer, Middlesex and Somerset)**

**Assemblywoman VALERIE VAINIERI HUTTLE**

**District 37 (Bergen)**

**Co-Sponsored by:**

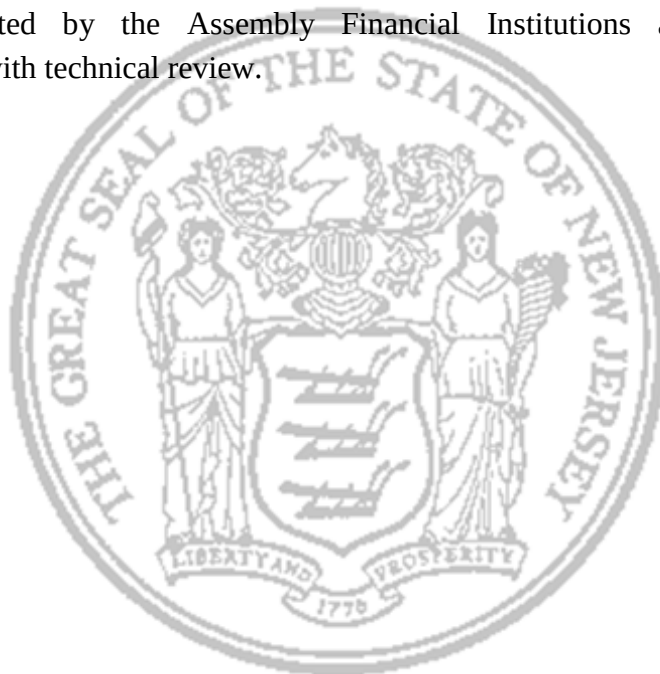
**Assemblywoman Swain, Assemblymen Tully, Verrelli, Karabinchak and Benson**

**SYNOPSIS**

Requires carriers to pass prescription drug savings to consumers.

**CURRENT VERSION OF TEXT**

As reported by the Assembly Financial Institutions and Insurance Committee with technical review.



**(Sponsorship Updated As Of: 2/13/2020)**

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 including, but not limited to, rebates, discounts, credits, fees, grants,  
16 charge-backs, or other payments or benefits of any kind.

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

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

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

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

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

44       "Pharmaceutical manufacturer" or "manufacturer" means any  
45 entity that: (1) is engaged in the production, preparation,

**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.

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

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

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

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

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

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

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

32 (cf: P.L.2019, c.274, s.2)

33  
34 2. (New section) a. All compensation paid by a pharmaceutical  
35 manufacturer to a pharmacy benefits manager as a result of  
36 negotiations of a reduced price for a pharmaceutical between a  
37 pharmacy benefits manager and a manufacturer, in relation to a  
38 contract between a pharmacy benefits manager and a carrier related  
39 to its prescription drug benefits, shall be remitted to and retained by  
40 the carrier and shall be used by the carrier to lower the premium for  
41 covered persons under the carrier's health benefits plan.

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

44  
45 3. This act shall take effect on the first day of the seventh  
46 month next following enactment, except the commissioner may take  
47 any anticipatory administrative action in advance as shall be  
48 necessary for the implementation of this act.