

ASSEMBLY, No. 2333

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 3, 2020

Sponsored by:

Assemblywoman CAROL A. MURPHY

District 7 (Burlington)

SYNOPSIS

Establishes three-year Medicaid demonstration project to pay for certain drugs according to value-based system.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning value-based payment for prescription drugs in
2 Medicaid program.

3
4 BE IT ENACTED by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. a. The Department of Human Services, subject to federal
8 approval and the availability of federal financial participation under
9 Title XIX of the Social Security Act (42 U.S.C.s.1396 et seq.), shall
10 establish a three-year demonstration project to employ value-based
11 payment systems for a limited number of prescription drugs covered
12 under the program. Under the demonstration project, the
13 department shall enter into purchasing or rebate agreements with
14 the manufacturers of at least three different prescription drugs,
15 which will provide that the total reimbursement paid by the State
16 for such drugs will be based in some part on observed outcomes of
17 the drug's use in patients.

18 b. The drugs selected for the demonstration program shall:
19 (1) have specific therapeutic purposes with outcomes that are
20 readily measurable with existing data systems; and
21 (2) be among the highest-cost drugs in the New Jersey Medicaid
22 program in aggregate spending.

23 c. Under the demonstration program, the department and the
24 manufacturer of each drug selected for the program shall agree to
25 (1) the best terms to accommodate the chosen value-based purchasing
26 or rebate agreement, based on other value-based agreements with
27 manufacturers that take into consideration observed outcomes of the
28 drug's use in patients; and (2) other relevant factors in the design of
29 the demonstration program.

30 d. The department shall require that Medicaid managed care
31 organizations participate in the demonstration program, and shall
32 specify the obligations of the managed care organizations under the
33 demonstration program in the contract between the department and
34 the managed care organizations.

35
36 2. After the expiration of the three-year demonstration project
37 established pursuant to section 1 of this act, the Commissioner of
38 Human Services shall report to the Governor, and to the Legislature
39 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), on the
40 results of the demonstration project, along with the commissioner's
41 recommendations on the advisability of re-establishing the
42 demonstration project, including whether a new demonstration project
43 should expand upon the scope of the demonstration project established
44 pursuant to section 1 of this act and any other recommended
45 modifications as the commissioner deems appropriate. The report
46 shall include specific performance test results, which shall be
47 aggregated and de-identified as necessary to protect patients'
48 identities and health information protected by State and federal law.

1 3. The Commissioner of Human Services shall apply for such
2 State plan amendments or waivers as may be necessary to implement
3 the provisions of this act and to secure federal financial participation
4 for State Medicaid expenditures under the federal Medicaid program.

5
6 4. This act shall take effect on the first day of the seventh
7 month next following the date of enactment and shall expire three
8 years after the date that the Department of Human Services
9 commences implementation of the demonstration project, but the
10 Commissioner of Human Services may take such anticipatory
11 administrative action in advance thereof as shall be necessary for
12 the implementation of this act.

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15 STATEMENT

16
17 This bill establishes a three-year Medicaid demonstration project to
18 pay for certain drugs according to a value-based payment system.

19 Under the bill, the Department of Human Services will establish a
20 three-year demonstration project to employ value-based payment
21 systems for a limited number of prescription drugs covered under the
22 program. The department will enter into purchasing or rebate
23 agreements with the manufacturers of at least three different
24 prescription drugs, which will provide that the total reimbursement
25 paid by the State for such drugs will be based in some part on observed
26 outcomes of the drug's use in patients.

27 The drugs selected for the demonstration project will have specific
28 therapeutic purposes with outcomes that are readily measurable with
29 existing data systems, and will be among the highest-cost drugs in the
30 New Jersey Medicaid program in aggregate spending. The department
31 and the manufacturer of each drug selected for the project must agree
32 to the best terms to accommodate the chosen value-based purchasing
33 or rebate agreement based on other value-based agreements with
34 manufacturers that take into consideration observed outcomes of the
35 drug's use in patients.

36 The department will require that Medicaid managed care
37 organizations participate in the demonstration project, and will specify
38 the obligations of the managed care organizations under the
39 demonstration program in the contract between the department and the
40 managed care organizations.

41 After the expiration of the three-year demonstration project, the
42 Commissioner of Human Services will report to the Governor and
43 Legislature on the results of the demonstration project, along with the
44 commissioner's recommendations on the advisability of re-
45 establishing, expanding, or otherwise modifying the project. The
46 report shall include specific performance test results, which have been
47 aggregated and de-identified as necessary to protect patients' identities
48 and health information protected by State and federal law.