

ASSEMBLY, No. 3301

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 25, 2020

Sponsored by:

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

SYNOPSIS

Establishes requirements for State entities to enter into bulk purchasing arrangements for pharmaceutical products.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 11/8/2021)

1 **AN ACT** concerning pharmaceuticals and supplementing Title 52 of
2 the Revised Statutes.

3

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

6

7 1. a. The Director of the Division of Purchase and Property in
8 the Department of the Treasury shall review all State
9 pharmaceutical purchasing arrangements, contracts, and initiatives,
10 and shall consider options to maximize the State's bargaining power
11 with regard to pharmaceutical products and pharmacy services,
12 which may include recommending appropriate statutory,
13 administrative, or executive actions as may be necessary to reduce
14 the cost to State programs and entities of purchasing pharmaceutical
15 products and procuring and reimbursing pharmacy services.

16 b. The director shall create and maintain a list of prescription
17 drugs, devices, and biological products that may appropriately be
18 prioritized for bulk purchasing initiatives or reexamined for
19 potential renegotiation with the manufacturer, which list shall be
20 reviewed and updated by the director at least annually. The
21 director's determination as to which prescription drugs, devices,
22 and biological products are to be prioritized shall include:
23 consideration of the price of the drug, device, or biological product;
24 the extent to which therapeutically-equivalent alternatives to the
25 drug, device, or biological product are available; and the 25
26 prescription drugs, devices, or biological products that represented
27 the highest cost to the State in the prior calendar year based on total
28 purchases of the drug, device, or biological product by State
29 programs and entities. If any of the 25 highest-cost prescription
30 drugs, devices, or biological products is not recommended for
31 prioritization, the director shall include with the prioritization list a
32 written explanation as to why the drug, device, or biological
33 product was not recommended for prioritization. The director shall
34 post the current prioritization list on the Internet website of the
35 Division of Purchasing and Property in the Department of the
36 Treasury.

37 c. Based on the prioritization list created and maintained
38 pursuant to subsection b. of this section, the director shall, in
39 coordination with the Commissioner of Human Services, the
40 Commissioner of Health, the Commissioner of Corrections, the
41 Commissioner of Banking and Insurance, the State Treasurer, the
42 Assistant Commissioner of the Division of Medical Assistance and
43 Health Services in the Department of Human Services, the State
44 Health Benefits Commission, the School Employees' Health
45 Benefits Commission, and any other appropriate State departments,
46 divisions, offices, agencies, programs, or entities as shall be
47 designated by the director, develop and implement bulk purchasing
48 arrangements for high-priority drugs.

1 d. The director shall develop outreach efforts and establish
2 processes for county and local governments, as well as private
3 purchasers, including small businesses, health benefits plans, and
4 self-insured individuals and entities, to benefit from State bulk
5 pharmaceutical purchasing arrangements.

6 e. Commencing 18 months after the effective date of this act,
7 and annually thereafter, the director shall report to the Governor
8 and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the
9 Legislature, concerning implementation of this act, including, but
10 not limited to: the specific drugs, devices, and biological products
11 that are subject to bulk purchasing arrangements; an analysis of the
12 effects of bulk purchasing arrangements on the price and consumer
13 availability of prescription drugs, devices, and biological products
14 that are subject to bulk purchasing arrangements; an analysis as to
15 whether bulk purchasing arrangements have affected the price and
16 consumer availability of prescription drugs, devices, and biological
17 products that are not subject to a bulk purchasing arrangement; and
18 any participation in, and any benefits realized by, county and local
19 governments and private purchasers in association with a bulk
20 purchasing arrangement.

21
22 2. The Director of the Purchase and Property in the Department
23 of the Treasury, the Commissioner of Human Services, the
24 Commissioner of Health, the Commissioner of Corrections, the
25 Commissioner of Banking and Insurance, and the State Treasurer
26 shall, pursuant to the "Administrative Procedure Act," P.L.1968,
27 c.410 (C.52:14B-1 et seq.), adopt rules and regulations as shall be
28 necessary for the implementation of this act.

29
30 3. This act shall take effect immediately.
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33 STATEMENT 34

35 This bill requires the Director of the Division of Purchase and
36 Property in the Department of the Treasury to review all State
37 pharmaceutical purchasing arrangements, contracts, and initiatives,
38 and consider options to maximize the State's bargaining power with
39 regard to pharmaceutical products and pharmacy services, which
40 may include recommending appropriate statutory, administrative, or
41 executive action.

42 The director will be required to create and maintain a list of
43 prescription drugs, devices, and biological products that may
44 appropriately be prioritized for bulk purchasing initiatives or
45 reexamined for potential renegotiation with the manufacturer, which
46 list shall be reviewed and updated by the director at least annually.
47 The director's determination as to which prescription drugs,
48 devices, and biological products are to be prioritized will include:

1 consideration of the price of the drug, device, or biological product;
2 the extent to which therapeutically-equivalent alternatives are
3 available; and the 25 prescription drugs, devices, or biological
4 products that represented the highest cost to the State in the prior
5 calendar year, based on total purchases by State programs and
6 entities. If any of the 25 highest-cost prescription drugs, devices, or
7 biological products is not recommended for prioritization, the
8 director is to provide a written explanation as to why the drug,
9 device, or biological product was not recommended for
10 prioritization. The current prioritization list will be posted on the
11 Internet website of the Division of Purchase and Property.

12 The director is to use the prioritization list to, in coordination
13 with the Commissioner of Human Services, the Commissioner of
14 Health, the Commissioner of Corrections, the Commissioner of
15 Banking and Insurance, the State Treasurer, the Assistant
16 Commissioner of the Division of Medical Assistance and Health
17 Services in the Department of Human Services, the State Health
18 Benefits Commission, the School Employees' Health Benefits
19 Commission, and any other appropriate State departments,
20 divisions, offices, agencies, programs, and entities as may be
21 designated by the director, develop and implement bulk purchasing
22 arrangements for high-priority drugs.

23 The director will additionally be required to develop outreach
24 efforts and establish processes for county and local governments, as
25 well as private purchasers, including small businesses, health
26 benefits plans, and self-insured individuals and entities, to benefit
27 from State bulk pharmaceutical purchasing arrangements.

28 Commencing 18 months after the effective date of the bill, and
29 annually thereafter, the director will be required to report to the
30 Governor and to the Legislature concerning implementation of the
31 bill, including, but not limited to: the specific drugs, devices, and
32 biological products that are subject to bulk purchasing
33 arrangements; the effects of bulk purchasing arrangements on the
34 price and consumer availability of prescription drugs, devices, and
35 biological products that are subject to a bulk purchasing
36 arrangement; an analysis as to whether bulk purchasing
37 arrangements have affected the price and consumer availability of
38 prescription drugs, devices, and biological products that are not
39 subject to a bulk purchasing arrangement; and any participation in,
40 and any benefits realized by, county and local governments and
41 private purchasers in association with a bulk purchasing
42 arrangement.