

ASSEMBLY, No. 4965

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED NOVEMBER 12, 2020

Sponsored by:

Assemblyman ROY FREIMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

SYNOPSIS

Requires health insurance carriers and Medicaid managed care prescription drug plans to utilize consolidated procurement.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning health insurance carriers and Medicaid and
2 supplementing P.L.1997, c.192 (C.26:2S-1 et seq.) and P.L.1968,
3 c.413 (C.30:4D-1 et seq.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. a. A carrier shall ensure that every contract to provide
9 prescription drug benefits, or to authorize the purchase of a contract
10 to provide prescription drug benefits, shall:

11 (1) provide for the utilization of consolidated procurement of
12 pharmaceutical drugs to the extent appropriate and feasible; and

13 (2) require that failure to utilize consolidated procurement of
14 pharmaceutical drugs shall be documented, justified, and reported
15 to the Department of Banking and Insurance, the State Health
16 Benefits Commission, or the School Employees Health Benefits
17 Commission, as appropriate.

18 The Department of Banking and Insurance, State Health Benefits
19 Commission, or School Employees Health Benefits Commission
20 shall, within 30 days of receiving a report concerning the failure to
21 utilize consolidated procurement pursuant to this section, conduct a
22 review of any information provided and shall transmit findings to
23 the Governor, and to the Legislature pursuant to section 2 of
24 P.L.1991, c.164 (C.52:14-19.1).

25 Any savings achieved through the consolidated procurement of
26 pharmaceutical drugs pursuant to this section shall be used to
27 reduce net prescription drug prices for covered persons at the point-
28 of-sale.

29 b. As used in this section,

30 "Carrier" means an insurance company, health service
31 corporation, hospital service corporation, medical service
32 corporation, or health maintenance organization authorized to issue
33 health benefits plans in this State or any entity contracted to
34 administer health benefits in connection with the State Health
35 Benefits Program or School Employees' Health Benefits Program.

36 "Covered person" means a person on whose behalf a carrier is
37 obligated to pay health care expense benefits or provide health care
38 services.
39

40 2. The State Medicaid Commission shall ensure that every
41 Medicaid managed care contract to provide prescription drug
42 benefits, or to authorize the purchase of a contract to provide
43 prescription drug benefits, shall:

44 (1) provide for the utilization of consolidated procurement of
45 pharmaceutical drugs to the extent appropriate and feasible; and

46 (2) require that failure to utilize consolidated procurement of
47 pharmaceutical drugs shall be documented, justified, and reported
48 to the Commissioner of Human Services.

1 The Commissioner of Human Services shall, within 30 days of
2 receiving a report concerning the failure to utilize consolidated
3 procurement pursuant to this section, conduct a review of any
4 information provided and shall transmit findings to the Governor,
5 and to the Legislature pursuant to section 2 of P.L.1991, c.164
6 (C.52:14-19.1).

7 Any savings achieved through the consolidated procurement of
8 pharmaceutical drugs pursuant to this section shall be used to
9 reduce net prescription drug prices for qualified applicants at the
10 point-of-sale.

11 The Commissioner of Human Services shall apply for such State
12 plan amendments or waivers as may be necessary to implement the
13 provisions of this section and to secure federal financial
14 participation for State Medicaid expenditures under the federal
15 Medicaid program.

16
17 3. This act shall take effect immediately and apply to every
18 contract issued, renewed, or issued for renewal on or after the
19 effective date of P.L. , c. (C.) (pending before the Legislature
20 as this bill).

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23 STATEMENT
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25 This bill requires that health insurance carriers, including the
26 State Health Benefits Program and the School Employees' Health
27 Benefits Program, and Medicaid managed care prescription drug
28 plans ensure that every contract to provide prescription drug
29 benefits, or to authorize the purchase of a contract to provide
30 prescription drug benefits, utilize consolidated procurement of
31 pharmaceutical drugs in order to lower the cost to beneficiaries.
32 The purpose of the bill is to regulate costs, increase transparency,
33 and ensure cost-savings are passed on to consumers.

34 Under the bill, any failure to utilize consolidated procurement of
35 pharmaceutical drugs is to be documented, justified, and reported to
36 the Department of Banking and Insurance, the State Health Benefits
37 Commission, the School Employees Health Benefits Commission,
38 or the Department of Human Services, as appropriate. Such entity
39 is to, within 30 days of receiving a report concerning the failure to
40 utilize consolidated procurement pursuant to this section, conduct a
41 review of any information provided and transmit findings to the
42 Governor and to the Legislature.

43 Any savings achieved through the consolidated procurement of
44 pharmaceutical drugs pursuant to the bill are to be used to reduce
45 net prescription drug prices for covered persons or qualified
46 applicants at the point-of-sale.