

SENATE, No. 235

STATE OF NEW JERSEY
219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

SYNOPSIS

Permits certain managed care organizations to consider cost-effectiveness when placing prescription drug on formulary.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning drug formularies and supplementing Title 30 of
2 the Revised Statutes.

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

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7 1. a. Notwithstanding any law, rule, or regulation to the
8 contrary, a managed care organization that contracts with the
9 Division of Medical Assistance and Health Services in the
10 Department of Human Services to provide pharmacy services under
11 a managed care plan to persons who are eligible for Medicaid may
12 consider a comparison of cost-effectiveness data as a factor, in
13 addition to such other factors as clinical efficacy and safety, when
14 placing a prescription drug on a formulary, if the managed care
15 organization chooses to operate a formulary. Nothing in this section
16 shall be construed as nullifying a provision in an existing contract
17 between a managed care organization and the division.

18 b. As used in this section:

19 “Medicaid” means the State Medicaid program established pursuant
20 to P.L.1968, c.413 (C.30:4D-1 et seq.).

21 “Formulary” means a list of prescription drugs covered under a
22 managed care plan to persons who are eligible for Medicaid that
23 meets the minimum requirements established by contract between a
24 managed care organization and the Division of Medical Assistance
25 and Health Services in the Department of Human Services and is
26 approved by the division prior to implementation.

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28 2. The Commissioner of Human Services shall, in accordance
29 with the “Administrative Procedure Act,” P.L.1968, c.410
30 (C.52:14B-1 et seq.), adopt any rules and regulations it deems
31 necessary to carry out the provisions of this act.

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33 3. This act shall take effect immediately, and shall apply to any
34 contract that a managed care organization has entered into with the
35 Division of Medical Assistance and Health Services in the
36 Department of Human Services to provide pharmacy services under
37 a managed care plan to persons who are eligible for medical
38 assistance under P.L.1968, c.413 (C.30:4D-1 et seq.) which is
39 executed on or after the effective date of this act.

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STATEMENT

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44 This bill permits a managed care organization (MCO) that
45 contracts with the Division of Medical Assistance and Health
46 Services in the Department of Human Services to provide pharmacy
47 services under a managed care plan to persons who are eligible for
48 Medicaid to consider a comparison of cost-effectiveness data as a

1 factor, in addition to such other factors as clinical efficacy and
2 safety, when placing a prescription drug on a formulary, if the MCO
3 chooses to operate a formulary. Currently, MCOs that offer
4 Medicaid managed care plans may use a formulary, provided that
5 the MCO meets certain minimum requirements established in the
6 contract with the division. This bill does not alter any provision in
7 an existing contract between a MCO and the division.

8 Under federal law, a Medicaid managed care plan cannot refuse
9 to cover a drug solely on the basis that the drug costs too much
10 relative to its benefits. It is the sponsor's intent to encourage MCOs
11 who offer Medicaid managed care plans to consider cost-
12 effectiveness as one factor of many in developing formularies as a
13 means to help contain the cost of health care in a manner
14 permissible under federal law.