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SENATE COMMITTEE SUBSTITUTE FOR

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STATE OF NEW JERSEY

219th LEGISLATURE

ADOPTED SEPTEMBER 14, 2020

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SYNOPSIS

Requires DHS to contract with third party entity to apply risk reduction model to Medicaid prescription drug services.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on January 21, 2021, with amendments.

(Sponsorship Updated As Of: 6/21/2021)

AN ACT concerning prescription drug services provided under the Medicaid program and supplementing Title 30 of the Revised Statutes.

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

[1] **[**1. This act shall be known and may be cited as the "Medicaid Prescription Drug Quality, Cost, and Transparency Act."**]** **[1]**

[1] **[**2. The Legislature finds and declares:

a. The State has a continuing responsibility to ensure that funds expended under the Medicaid program are used appropriately and efficiently to promote the public health;

b. Opportunities exist for improved health outcomes and increased efficiencies in the provision of prescription drug services in the Medicaid program.

c. Other states and the federal government have utilized varying strategies such as consolidated benefit purchasing, increased transparency, and enhanced medication therapy management programs to increase cost-efficiency, improve medication safety, and improve overall health outcomes in the provision of prescription drug services.

d. As prescription drug prices continue to rise, the State must employ innovative policy initiatives that help cover the costs of Medicaid services and prevent harmful benefit reductions for Medicaid recipients; and

e. It is therefore in the best interests of the State to undertake steps to foster safety and quality, efficient purchasing, and increased transparency in prescription drug benefits under the Medicaid program in order to realize cost savings to the State and improve health outcomes for Medicaid recipients in the State.**]** **[1]**

[1] **[**3.**]** <u>1.</u> **[1]** The Division of Medical Assistance and Health Services in the Department of Human Services shall contract with a third party entity to apply a risk reduction model to prescription drug services provided under the Medicaid program established pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.), for the purpose of identifying and reducing simultaneous, multi-drug medication-related risk and adverse drug events, enhancing compliance and quality of care, and improving health-related outcomes while reducing total cost of care in a measurable and reportable manner. In carrying out this purpose, the model, at a minimum, shall leverage Medicaid prescription drug claims data, pharmacokinetic

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 <u>thus</u> is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
[1]Senate SBA committee amendments adopted January 21, 2021.

and pharmacodynamic sciences, appropriate technologies, clinical call centers located in New Jersey and staffed by board-certified pharmacists licensed pursuant to P.L.2003, c.280 (C.45:14-40 et seq.), and include coordination of services with a network of local community pharmacies located throughout the State. For the duration of the contract, the division shall share the medical and pharmacy claims data for all Medicaid beneficiaries with the third party administering the model for the purposes of effectuating the model, which claims data shall include historical data.

[1][4. No later than 60 days after the effective date of this act, the Department of the Treasury shall prepare and issue a report that includes a determination of the most cost-effective way to: administer prescription drug services provided under the Medicaid program through one entity; and procure prescription drug services provided by the single entity. The report shall include, but shall not be limited to, a determination as to whether the services shall be administered using a fee-for-service model and whether the services shall be administered directly by the State via the State Fiscal Agent or via a single pharmacy benefits manager.]**[1]**

[1][5. a. The Department of the Treasury shall, based on the findings of the report produced by the department pursuant to section 4 of this act, issue a request for proposals for a single entity to administer the prescription drug services provided under the Medicaid program. The department shall award a contract for a single entity to administer prescription drug benefits under the Medicaid program no later than July 1, 2021. The request for proposals and any contract awarded based on that request for proposals shall require the selected entity to disclose the following information, at a minimum and as appropriate, to the Department of Human Services:

(1) all sources and amounts of income, payments, and financial benefits received by the entity in relation to the provision and administration of prescription drug services on behalf of the State, including, but not limited to, any pricing discounts, rebates of any kind, inflationary payments, credits, clawbacks, fees, grants, chargebacks, reimbursements, or other benefits;

(2) all ingredient costs and dispensing fees or similar payments made by the entity to any pharmacy in connection with the contract or other arrangement;

(3) the entity's payment model for administrative fees; and

(4) any differences between the amount paid by the entity to a pharmacy for each prescription drug dispensed and the amount charged to the Medicaid program for that prescription drug.

b. A contract entered into pursuant to a request for proposals issued pursuant to subsection a. of this section shall specify the detail, methodology, time and manner of the disclosures required of

the entity under subsection a. of this section. All disclosures shall be subject to audit and penalties for willful failure to disclose.

c. Information disclosed by an entity pursuant to subsection a. of this section shall be confidential and not be subject to public disclosure under P.L.1963, c.73 (C.47:1A-1 et seq.) or P.L.2001, c.404 (C.47:1A-5 et al.). In addition to any other penalty provided by law, a person who is authorized to access information submitted pursuant to subsection a. of this section who knowingly discloses such information to any person or entity who is not authorized to access the information shall be guilty of a crime of the fourth degree and shall be subject to a civil penalty in an amount not to exceed $10,000. A civil penalty imposed under this subsection shall be collected by the Commissioner of Health in summary proceedings before a court of competent jurisdiction pursuant to the "Penalty Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.).

d. The entity administering Medicaid prescription drug services for the State shall negotiate supplemental rebates above the mandatory federal minimum with drug manufacturers, which may include, as appropriate, entering into multi-state coalitions for negotiation purposes and establishing a preferred drug list, in order to maximize cost savings under the Medicaid program.**]**[1]

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

[1]**[**7. The Commissioner of Human Services shall adopt rules and regulations pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to effectuate the purposes of this act.**]**[1]

[1]**[**8.**]** 2.[1] This act shall take effect immediately.