ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE COMMITTEE SUBSTITUTE FOR

SENATE, No. 887

STATE OF NEW JERSEY

DATED: JUNE 16, 2021

The Assembly Appropriations Committee reports favorably Senate Bill No. 887 (SCS/1R).

This bill requires the Division of Medical Assistance and Health Services in the Department of Human Services to contract with a third party entity to apply a risk reduction model to prescription drug services provided under the Medicaid program 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. To carry out this purpose, the model will leverage Medicaid prescription drug claims data, pharmacokinetic and pharmacodynamic sciences, appropriate technologies, clinical call centers located in New Jersey and staffed by board-certified pharmacists, and include coordination of services with a network of local community pharmacies located throughout the State. For the duration of the contract, the division will share the medical and pharmacy claims data for all Medicaid beneficiaries with the third party entity administering the model for the purposes of effectuating the model, which claims data will include historical data.

As reported by the committee, Senate Bill No. 887 (SCS/1R) is identical to Assembly Bill No. 4790 (ACS) which was also reported by the committee on this date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the Department of Human Services (DHS) may experience annual cost savings in Medicaid pharmacy benefit expenses due to the application of a risk reduction model to prescription drug services provided under the Medicaid program. This estimate assumes that no overlap exists between the current efforts of Medicaid managed care organizations (MCOs) to achieve quality outcomes and the risk reduction model implemented under the bill. The OLS notes that, to the extent an overlap does exists, the annual cost savings would decrease.

The DHS will also incur indeterminate annual expenditure increases to contract with a third party to apply the risk reduction model and to establish a data-sharing platform to provide the third party entity with Medicaid claims information. While these expenses will reduce the savings achieved from the application of the model, the OLS anticipates a net decrease in State costs during the contract period.

Further, to the extent that eligible State Medicaid expenditures are matched by federal Medicaid funds, a decrease in State Medicaid spending may result in lower annual State revenues.