

1 AN ACT relating to pharmacy benefits in the Medicaid program.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 205 IS CREATED TO  
4 READ AS FOLLOWS:

5 *(1) Notwithstanding KRS 205.647 or any other state law, after the effective date of*  
6 *this Act the Department for Medicaid Services shall directly administer all*  
7 *outpatient pharmacy benefits for all Medicaid members.*

8 *(2) A contract to provide managed care shall not be renewed or negotiated if it*  
9 *provides for the administration of outpatient pharmacy benefits for Medicaid*  
10 *members by an entity other than the Department for Medicaid Services.*

11 *(3) All Medicaid managed care contracts with Medicaid managed care organizations*  
12 *or pharmacy benefit managers that are entered into or negotiated after the*  
13 *effective date of this Act shall be reduced in amount by at least the cost of all*  
14 *outpatient pharmacy benefits within the contract or master agreement to*  
15 *administer the Medicaid program that was in operation as of January 1, 2017.*  
16 *Contracts or master agreements to administer the Medicaid program entered into*  
17 *after the effective date of this Act may exceed the amount reduced under this*  
18 *subsection only as authorized by the General Assembly.*

19 *(4) The Department for Medicaid Services shall promulgate an administrative*  
20 *regulation establishing reasonable dispensing fees pursuant to guidance or*  
21 *guidelines from the federal Centers for Medicare and Medicaid Services.*

22 *(5) To comply with subsection (1) of this section, the Department for Medicaid*  
23 *Services may utilize managed care principles and techniques to assist with*  
24 *member medication adherence and to control costs. However, these services shall*  
25 *be approved by the department. Any techniques or principles of managed care*  
26 *utilized pursuant to this subsection shall comply with Kentucky law.*

27 ➔Section 2. Section 1 of this Act takes effect January 1, 2019.