

HOUSE No. 2082

The Commonwealth of Massachusetts

PRESENTED BY:

John W. Scibak

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act establishing a statewide discount program for pharmaceuticals.

PETITION OF:

NAME:

DISTRICT/ADDRESS:

John W. Scibak

2nd Hampshire

Stanley C. Rosenberg

Hampshire, Franklin and Worcester

HOUSE No. 2082

By Mr. Scibak of South Hadley, a petition (accompanied by bill, House, No. 2082) of John W. Scibak and Stanley C. Rosenberg relative to establishing a statewide discount program for pharmaceuticals. Public Health.

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

An Act establishing a statewide discount program for pharmaceuticals.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. For the purpose of this act, the following words shall have the following
2 meanings:-

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4 “Pharmacy benefit manager” means an entity that, in addition to being a prescription drug
5 claims processor, negotiates and executes contracts with pharmacies, negotiates rebates with
6 prescription drug manufacturers and serves as an intermediary between the Massachusetts
7 Prescription Drug Program established in section 2 of this act, prescription drug manufacturers
8 and pharmacies.

9
10 “Prescription drug claims processor” means an entity that processes and pays prescription drug
11 claims, adjudicates pharmacy claims, transmits prescription drug prices and claims data between
12 pharmacies and the Massachusetts Prescription Drug Program and processes related payments to
13 pharmacies.

14
15 SECTION 2. (a) There shall be established a Massachusetts Prescription Drug Program,
16 hereinafter referred to as the program, the purpose of which is to:

17 (1) purchase prescription drugs or reimburse pharmacies for prescription drugs in order to
18 receive discounted prices and rebates;

19 (2) make prescription drugs available at the lowest possible cost to participants in the
20 program; and

21 (3) maximize the purchasing power of prescription drug consumers in the
22 Commonwealth in order to negotiate the lowest possible prices for said consumers

23

24 (b) The program shall be administered by a director who shall be appointed by the
25 Governor. The director shall:

26 (1) negotiate price discounts and rebates on prescription drugs with prescription drug
27 manufacturers;

28 (2) purchase prescription drugs on behalf of individuals and entities that participate in the
29 program;

30 (3) determine program prices and reimburse pharmacies for prescription drugs;

31 (4) develop a system for allocating and distributing the operational costs of the program
32 and any rebates obtained to participants of the program;

33 (5) cooperate with other states or regional consortia in the bulk purchase of prescription
34 drugs; and,

35 (6) establish terms and conditions for pharmacies to enroll in the program.

36 The director may, subject to the provisions of chapter 30B of the General Laws, enter
37 into contracts with prescription drug claims processors or pharmacy benefit managers.

38 (c) The director shall cause to be made available and distributed an application for
39 program enrollment. The director may charge participants a nominal fee to process applications
40 as well as produce and distribute program identification cards.

41

42 SECTION 3. The program shall calculate and transmit the program prices for prescription
43 drugs to any enrolled pharmacy. The pharmacy shall charge a participant the program price for a
44 pharmaceutical provided that the participant presents a valid program identification card.

45

46 SECTION 4. Notwithstanding any special or general law to the contrary, in order to maximize
47 the Commonwealth's purchasing power as well as any potential savings for prescription drug
48 consumers that receive coverage through the Commonwealth, the director shall automatically
49 enroll all consumers receiving pharmaceuticals through a department or agency of the
50 Commonwealth into the program; provided however, that if a department, agency or entity can
51 empirically demonstrate to the director that such enrollment would result in a net increase in
52 costs either to the Commonwealth or to their consumers, then the department or agency shall be
53 exempt from automatic enrollment. In those cases where a federal waiver is necessary for the
54 participation of the consumer, each agency or entity shall take all necessary steps to obtain such
55 a waiver.

56

57 SECTION 5. The director shall establish guidelines to implement and administer sections 2 to
58 4 of this act, which shall include, but not be limited to, establishing guidelines for:

59 (1) issuing prescription drug identification cards to individuals and entities that
60 participate in the program; and

61 (2) enrolling pharmacies in the program.

62

63 □SECTION 6. Beginning one year after enactment and annually thereafter the director shall
64 submit a report to the secretary of administration and finance, the chairs of the joint committee
65 on health care financing, the chairs of the joint committee on public health and the chairs of the
66 senate and house committees on ways and means on the progress of program implementation.

67 The report shall include, but not be limited to:-

68 □(a) the number of individuals that the director has enrolled and expects to enroll in the
69 program

70 □(b) the number of participants for whom the program has purchased and expects to purchase
71 prescription drugs;

72 □(c) total and average individual savings of prescription drug prices for participants as well as
73 projected total and average individual savings of prescription drug prices for participants;

74 □(d) progress towards expanding the program; and

75 □(e) any recommendations for legislation that the director feels is needed to further
76 implementation and expand program participation.