

**SENATE  
STATE OF MINNESOTA  
NINETIETH SESSION**

**S.F. No. 3454**

(SENATE AUTHORS: LOUREY)

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OFFICIAL STATUS  
Introduction and first reading  
Referred to Health and Human Services Finance and Policy

1.1 A bill for an act  
1.2 relating to health; providing establishment of a prescription drug purchasing  
1.3 program; specifying program authority and eligibility requirements; amending  
1.4 Minnesota Statutes 2016, sections 16C.105; 471.59, subdivision 1; proposing  
1.5 coding for new law in Minnesota Statutes, chapter 16B.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. **[16B.876] PRESCRIPTION DRUG PURCHASING PROGRAM.**

1.8 Subdivision 1. **Establishment of program.** The commissioner of administration shall  
1.9 administer and oversee a Minnesota prescription drug purchasing program.

1.10 Subd. 2. **Purpose of program.** The purpose of the Minnesota prescription drug  
1.11 purchasing program is to:

1.12 (1) make prescription drugs available at the lowest possible cost to its participants;

1.13 (2) promote health through the purchase and provision of discount prescription drugs  
1.14 and coordination of comprehensive prescription benefit services for program participants;  
1.15 and

1.16 (3) maintain a list of prescription drugs recommended as the most effective prescription  
1.17 drugs available at the best possible prices.

1.18 Subd. 3. **Program authority.** In order to accomplish the purpose of the Minnesota  
1.19 prescription drug purchasing program, the commissioner shall have the authority to:

1.20 (1) adopt or develop a preferred drug list;

2.1 (2) engage in price negotiations with prescription drug manufacturers, wholesalers, or  
2.2 group purchasing organizations in order to obtain price discounts and rebates for prescription  
2.3 drugs for program participants;

2.4 (3) contract with a prescription drug claims processor to adjudicate pharmacy claims  
2.5 and transmit program prices and other information to pharmacies;

2.6 (4) contract with wholesalers and pharmacies for the distribution of prescription drugs  
2.7 to participants;

2.8 (5) develop a system for allocating and distributing operational costs of the program and  
2.9 rebates obtained to program participants;

2.10 (6) cooperate with government or nonprofit entities in the bulk purchase of prescription  
2.11 drugs;

2.12 (7) enroll eligible participants in the program and issue membership information to be  
2.13 used by participants to obtain drug discounts and rebates under the program;

2.14 (8) inform Minnesota consumers about eligibility to participate in the program; and

2.15 (9) contract with one or more entities to perform any of the functions described in clauses  
2.16 (1) to (8), including:

2.17 (i) pharmacy benefit managers;

2.18 (ii) pharmacy networks;

2.19 (iii) wholesalers; and

2.20 (iv) group purchasing organizations that offer discount purchasing programs, provided  
2.21 that those organizations meet the criteria of the Nonprofit Institutions Act, United States  
2.22 Code, title 15, section 13c, or that are exempt under the Robinson-Patman Act, United States  
2.23 Code, title 15, section 13. [2003 c.714 §1; 2007 c.2 §1; 2007 c.67 §1; 2007 c.697 §17; 2009  
2.24 c.263 §2; 2009 c.466 §1; 2009 c.595 §291; 2011 c.720 §136; 2013 c.14 §6; 2015 c.551 §1];

2.25 Subd. 4. **Pharmacies.** The commissioner shall set the terms and conditions for pharmacies  
2.26 to participate in the program. Any pharmacy licensed under chapter 151 willing to accept  
2.27 the terms and conditions shall be enrolled in the program.

2.28 Subd. 5. **Participation.** The Minnesota prescription drug purchasing program is available  
2.29 to all residents of the state. The commissioner shall issue to all participants membership  
2.30 information necessary for proper claims adjudication or transmission of price data in  
2.31 prescription drug purchases.

3.1 Subd. 6. Fees. The Minnesota prescription drug purchasing program may charge its  
 3.2 participants a fee to participate in the program.

3.3 Subd. 7. Resale prohibition. Except as permitted by subdivision 3, the Minnesota  
 3.4 prescription drug purchasing program may not establish a wholesale or retail drug distribution  
 3.5 or dispensing system.

3.6 Subd. 8. Rules. The commissioner shall adopt rules necessary to implement this section.

3.7 Sec. 2. Minnesota Statutes 2016, section 16C.105, is amended to read:

3.8 **16C.105 COOPERATIVES AUTHORIZED.**

3.9 The following entities are authorized to enter into cooperative purchasing agreements  
 3.10 with the commissioner in accordance with section 16C.03, subdivision 10:

3.11 (1) one or more other states or governmental units, as described in section 471.59,  
 3.12 subdivision 1;

3.13 (2) entities defined in section 16B.2975, subdivision 1;

3.14 (3) a registered combined charitable organization and its affiliated agencies as defined  
 3.15 by section 43A.50;

3.16 (4) a charitable organization defined in section 309.50, subdivision 4, that is also a  
 3.17 recipient of a state grant or contract;

3.18 (5) a nonprofit community health clinic defined in section 145.9268; ~~and~~

3.19 (6) a drug discount program created under section 16B.876; and

3.20 ~~(6)~~ (7) health care facilities that are required to provide indigent care, or any entity  
 3.21 recognized by another state's statutes as authorized to use that state's commodity or service  
 3.22 contracts.

3.23 Sec. 3. Minnesota Statutes 2016, section 471.59, subdivision 1, is amended to read:

3.24 Subdivision 1. **Agreement.** Two or more governmental units, by agreement entered into  
 3.25 through action of their governing bodies, may jointly or cooperatively exercise any power  
 3.26 common to the contracting parties or any similar powers, including those which are the  
 3.27 same except for the territorial limits within which they may be exercised. The agreement  
 3.28 may provide for the exercise of such powers by one or more of the participating governmental  
 3.29 units on behalf of the other participating units. The term "governmental unit" as used in this  
 3.30 section includes every city, county, town, school district, independent nonprofit firefighting

4.1 corporation, other political subdivision of this or another state, another state, federally  
4.2 recognized Indian tribe, the University of Minnesota, the Minnesota Historical Society,  
4.3 nonprofit hospitals licensed under sections 144.50 to 144.56, rehabilitation facilities and  
4.4 extended employment providers that are certified by the commissioner of employment and  
4.5 economic development, day and supported employment services licensed under chapter  
4.6 245D, a drug discount program created pursuant to section 16B.876, and any agency of the  
4.7 state of Minnesota or the United States, and includes any instrumentality of a governmental  
4.8 unit. For the purpose of this section, an instrumentality of a governmental unit means an  
4.9 instrumentality having independent policy-making and appropriating authority.