

# HOUSE . . . . . No. 2059

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## The Commonwealth of Massachusetts

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PRESENTED BY:

***John W. Scibak***

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*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 adoption of the accompanying bill:

An Act establishing a statewide discount program for pharmaceuticals.

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PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>John W. Scibak</i>	<i>2nd Hampshire</i>	<i>1/13/2015</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	<i>1/30/2015</i>

# HOUSE . . . . . No. 2059

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By Mr. Scibak of South Hadley, a petition (accompanied by bill, House, No. 2059) of John W. Scibak and James B. Eldridge for legislation to establish a statewide discount program for pharmaceuticals. Public Health.

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[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE SENATE, NO. 1094 OF 2013-2014.]

## The Commonwealth of Massachusetts

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In the One Hundred and Eighty-Ninth General Court  
(2015-2016)

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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:

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

8           “Prescription drug claims processor” means an entity that processes and pays  
9 prescription drug claims, adjudicates pharmacy claims, transmits prescription drug prices and

claims data between pharmacies and the Massachusetts Prescription Drug Program and processes related payments to pharmacies.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) enrolling pharmacies in the program.

SECTION 6. Beginning one year after enactment and annually thereafter the director shall submit a report to the secretary of administration and finance, the chairs of the joint committee on health care financing, the chairs of the joint committee on public health and the chairs of the senate and house committees on ways and means on the progress of program implementation. The report shall include, but not be limited to:

(1) the number of individuals that the director has enrolled and expects to enroll in the program

(2) the number of participants for whom the program has purchased and expects to purchase prescription drugs;

(3) total and average individual savings of prescription drug prices for participants as well as projected total and average individual savings of prescription drug prices for participants;

(4) progress towards expanding the program; and

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