

**SENATE . . . . . No. 1094**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

*Stanley C. Rosenberg*

*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.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Stanley C. Rosenberg</i>	<i>Hampshire, Franklin and Worcester</i>
<i>John W. Scibak</i>	<i>2nd Hampshire</i>
<i>Richard T. Moore</i>	<i>Worcester and Norfolk</i>
<i>Steven M. Walsh</i>	<i>11th Essex</i>
<i>Gale D. Candaras</i>	<i>First Hampden and Hampshire</i>

**SENATE . . . . . No. 1094**

By Mr. Rosenberg, a petition (accompanied by bill, Senate, No. 1094) of Stanley C. Rosenberg, John W. Scibak, Richard T. Moore, Steven M. Walsh and other members of the General Court for legislation to establish 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:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

51 SECTION 5. The director shall establish guidelines to implement and administer sections  
52 2 to 4 of this act, which shall include, but not be limited to, establishing guidelines for:

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

55 (2) enrolling pharmacies in the program.

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

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

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

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

67 (4) progress towards expanding the program; and

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