

3346

2015-2016 Regular Sessions

I N S E N A T E

February 5, 2015

Introduced by Sen. HANNON -- read twice and ordered printed, and when printed to be committed to the Committee on Health

AN ACT to amend the public health law, in relation to pharmacy benefit managers

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. The public health law is amended by adding a new section  
2 280-a to read as follows:

3 S 280-A. PHARMACY BENEFIT MANAGERS. 1. DEFINITIONS. AS USED IN THIS  
4 SECTION, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

5 (A) "PHARMACY BENEFIT MANAGER" MEANS AN ENTITY THAT CONTRACTS WITH  
6 PHARMACIES OR PHARMACY CONTRACTING AGENTS ON BEHALF OF A HEALTH PLAN,  
7 STATE AGENCY, INSURER, MANAGED CARE ORGANIZATION, OR OTHER THIRD PARTY  
8 PAYOR TO PROVIDE PHARMACY HEALTH BENEFIT SERVICES OR ADMINISTRATION.

9 (B) "MAXIMUM ALLOWABLE COST PRICE" MEANS A MAXIMUM REIMBURSEMENT  
10 AMOUNT SET BY THE PHARMACY BENEFIT MANAGER FOR THERAPEUTICALLY EQUIV-  
11 ALENT MULTIPLE SOURCE GENERIC DRUGS.

12 2. A PHARMACY BENEFIT MANAGER SHALL, WITH RESPECT TO CONTRACTS BETWEEN  
13 A PHARMACY BENEFIT MANAGER AND A PHARMACY OR, ALTERNATIVELY, A PHARMACY  
14 BENEFIT MANAGER AND A PHARMACY'S CONTRACTING AGENT, SUCH AS A PHARMACY  
15 SERVICES ADMINISTRATIVE ORGANIZATION, INCLUDE A REASONABLE PROCESS TO  
16 APPEAL, INVESTIGATE AND RESOLVE DISPUTES REGARDING MULTI-SOURCE GENERIC  
17 DRUG PRICING. THE APPEALS PROCESS SHALL INCLUDE THE FOLLOWING  
18 PROVISIONS:

19 (A) THE RIGHT TO APPEAL BY THE PHARMACY AND/OR THE PHARMACY'S  
20 CONTRACTING AGENT SHALL BE LIMITED TO THIRTY DAYS FOLLOWING THE INITIAL  
21 CLAIM SUBMITTED FOR PAYMENT;

22 (B) A TELEPHONE NUMBER THROUGH WHICH A NETWORK PHARMACY MAY CONTACT  
23 THE PHARMACY BENEFIT MANAGER FOR THE PURPOSE OF FILING AN APPEAL AND AN  
24 ELECTRONIC MAIL ADDRESS OF THE INDIVIDUAL WHO IS RESPONSIBLE FOR PROC-  
25 ESSING APPEALS;

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets  
[ ] is old law to be omitted.

LBD04032-02-5

1 (C) THE PHARMACY BENEFIT MANAGER SHALL SEND AN ELECTRONIC MAIL MESSAGE  
2 ACKNOWLEDGING RECEIPT OF THE APPEAL. THE PHARMACY BENEFIT MANAGER SHALL  
3 RESPOND IN AN ELECTRONIC MESSAGE TO THE PHARMACY AND/OR THE PHARMACY'S  
4 CONTRACTING AGENT FILING THE APPEAL WITHIN SEVEN BUSINESS DAYS INDICAT-  
5 ING ITS DETERMINATION. IF THE APPEAL IS DETERMINED TO BE VALID, THE  
6 MAXIMUM ALLOWABLE COST FOR THE DRUG SHALL BE ADJUSTED FOR THE APPEALING  
7 PHARMACY EFFECTIVE AS OF THE DATE OF THE ORIGINAL CLAIM FOR PAYMENT. THE  
8 PHARMACY BENEFIT MANAGER MAY REQUIRE THE APPEALING PHARMACY TO REVERSE  
9 AND REBILL THE CLAIM IN QUESTION IN ORDER TO OBTAIN THE CORRECTED  
10 REIMBURSEMENT;

11 (D) IF AN UPDATE TO THE MAXIMUM ALLOWABLE COST IS WARRANTED, THE PHAR-  
12 MACY BENEFIT MANAGER OR COVERED ENTITY SHALL ADJUST THE MAXIMUM ALLOW-  
13 ABLE COST OF THE DRUG EFFECTIVE FOR ALL SIMILARLY SITUATED PHARMACIES IN  
14 ITS NETWORK IN THE STATE; AND

15 (E) IF AN APPEAL IS DENIED, THE PHARMACY BENEFIT MANAGER SHALL IDENTI-  
16 FY THE NATIONAL DRUG CODE OF AN EQUIVALENT DRUG THAT IS AVAILABLE FOR  
17 PURCHASE BY PHARMACIES IN THIS STATE FROM WHOLESALERS REGISTERED PURSU-  
18 ANT TO SUBDIVISION FOUR OF SECTION SIXTY-EIGHT HUNDRED EIGHT OF THE  
19 EDUCATION LAW AT A PRICE WHICH IS EQUAL TO OR LESS THAN THE MAXIMUM  
20 ALLOWABLE COST FOR THAT DRUG AS DETERMINED BY THE PHARMACY BENEFIT  
21 MANAGER.

22 S 2. This act shall take effect on the ninetieth day after it shall  
23 become a law and shall apply to any contract between a pharmacy and/or a  
24 pharmacy's contracting agent and a pharmacy benefit manager.