

STATE OF NEW YORK

4001

2017-2018 Regular Sessions

IN SENATE

February 1, 2017

Introduced by Sens. KRUEGER, PERKINS -- 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 requiring the manufacturer or labeler of each prescription drug to annually report the marketing costs of such drug to the department of health and to amend the tax law, in relation to eliminating deductibility for certain expenses incurred in the advertising of prescription drugs

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Legislative intent. The legislature hereby finds and
2 declares that the price of prescription drugs in this state and across
3 the nation has been increasing at an alarming rate over the past decade.
4 Prescription drug costs are increasing at a faster rate than any other
5 component of health care and are driving the increase in overall health
6 care cost. As is apparent by the ubiquitous nature of the marketing and
7 public information campaigns relating to prescription drugs, pharmaceutical
8 manufacturers put a great deal of resources into marketing their
9 products. This has been especially true since the 1997 relaxation of
10 federal laws relating to prescription drug advertising. It is in the
11 interest of assisting this state in its role as a purchaser of
12 prescription drugs and administrator of prescription drug programs, to
13 enable the state to determine the scope of prescription drug marketing
14 costs and their effect on the cost, utilization and delivery of health
15 care services, and thus further the role of this state as guardian of
16 the public interest.

17 § 2. Section 206 of the public health law is amended by adding a new
18 subdivision 31 to read as follows:

19 31. The commissioner is authorized and directed to require manufacturers or labelers of prescription drugs, which dispense such drugs in this
20 state and which employ, direct or utilize marketing representatives in
21

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

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1 the state, to report the marketing costs of each of its prescription
2 drugs dispensed in this state.

3 (a) Definitions. As used in this subdivision, unless the context
4 clearly indicates otherwise, the following terms shall have the follow-
5 ing meanings:

6 (i) "Labeler" means any person or entity, having a labeler code from
7 the federal Food and Drug Administration, that receives a prescription
8 drug from the manufacturer or a wholesaler of such drug, and repackages
9 such drug to be dispensed in this state.

10 (ii) "Manufacturer" means a manufacturer of prescription drugs
11 dispensed in this state, and shall include the subsidiary or affiliate
12 of such manufacturer.

13 (iii) "Marketing" means advertising and promotional activities for
14 prescription drugs dispensed in this state including, but not limited
15 to, those activities described in paragraph (b) of this subdivision.

16 (b) Manner of reporting. On or before July first each year every
17 manufacturer and labeler shall file a report with the department on its
18 marketing activities conducted in this state. Such report shall be
19 submitted in such form and manner, and include the payment of such a fee
20 as shall be determined by the commissioner. Each such report shall
21 include the value, nature, purpose and recipient of marketing expenses
22 including, but not limited to:

23 (i) all expenses associated with advertising, marketing and direct
24 promotion of prescription drugs through radio, television, magazines,
25 newspapers, direct mail and telephone communications as they pertain to
26 residents of this state;

27 (ii) with regard to all providers of healthcare services regulated by
28 the department under the provisions of article twenty-eight, thirty-six
29 or forty-four of this chapter, including health maintenance organiza-
30 tions established pursuant to article forty-three of the insurance law,
31 the following information:

32 (A) all expenses associated with educational or informational
33 programs, materials and seminars, and remuneration for promoting or
34 participating in educational or informational sessions, regardless of
35 whether the manufacturer or labeler provides the educational or informa-
36 tional sessions or materials,

37 (B) all expenses associated with food, entertainment and gifts valued
38 at more than seventy-five dollars, and anything provided to a health
39 care professional for less than market value,

40 (C) all expenses associated with trips and travel, and

41 (D) all expenses associated with product samples, except for samples
42 that will be distributed free of charge to patients; and

43 (iii) the aggregate cost of all employees and contractors of the
44 manufacturer or labeler who directly or indirectly engage in the adver-
45 tising or promotional activities listed in subparagraphs (i) and (ii) of
46 this paragraph, including all forms of payment to such employees and
47 contractors. The cost reported pursuant to this subparagraph shall
48 reflect only that portion of payment to employees and contractors that
49 pertains to activities within this state or to recipients of the adver-
50 tising or promotional activities who are residents of or are employed in
51 this state.

52 (c) Exceptions. The following marketing expenses shall not be subject
53 to the reporting requirements of this subdivision:

54 (i) expenses of seventy-five dollars or less;

1 (ii) reasonable compensation and reimbursement for expenses in
2 connection with a bona fide clinical trial of a new vaccine, therapy or
3 treatment; and

4 (iii) scholarships and reimbursement of expenses for attending a
5 significant educational, scientific or policy-making conference or semi-
6 nar of a national, regional or specialty medical or other professional
7 association if the recipient of the scholarship is chosen by the associ-
8 ation sponsoring the conference or seminar.

9 (d) Department reports. Annually on or before November thirtieth, the
10 department shall submit a report, providing information in aggregate
11 form, on prescription drug marketing expenses to the governor, temporary
12 president of the senate and speaker of the assembly. On or before Janu-
13 ary first, two thousand nineteen and every two years thereafter, the
14 department shall provide a report to the governor, temporary president
15 of the senate and speaker of the assembly, providing information in
16 aggregate form, containing an analysis of the data submitted to the
17 department, including the scope of prescription drug marketing activ-
18 ities and expenses and their effect on the cost, utilization and deliv-
19 ery of health care services and any recommendations with regard to
20 marketing activities of prescription drug manufacturers and labelers.

21 (e) Confidentiality; public information. Notwithstanding any provision
22 of law to the contrary, all information submitted to the department
23 pursuant to this subdivision shall be confidential and not a public
24 record as defined in section eighty-six of the public officers law. Data
25 compiled in aggregate form by the department for the purposes of report-
26 ing required by this subdivision shall be a public record as defined in
27 section eighty-six of the public officers law, as long as it does not
28 reveal trade information that is protected by state or federal law.

29 (f) Violations. Any person who violates any provision of this subdivi-
30 sion shall be liable to the people of the state for a civil penalty of
31 ten thousand dollars, plus court costs and attorneys' fees, which shall
32 be enforced pursuant to title two of this article.

33 (g) Rules. Any and all rules and regulations necessary to implement
34 the provisions of this subdivision shall be promulgated by the commis-
35 sioner.

36 § 3. Paragraph (b) of subdivision 9 of section 208 of the tax law is
37 amended by adding a new subparagraph 22 to read as follows:

38 (22) Expenses incurred by a manufacturer or distributor of a drug, the
39 dispensing of which to a consumer without a prescription is prohibited
40 by either federal or state law, for the advertising of such drug to
41 consumers.

42 § 4. Subsection (b) of section 612 of the tax law is amended by adding
43 a new paragraph 42 to read as follows:

44 (42) Expenses incurred by a manufacturer or distributor of a drug, the
45 dispensing of which to a consumer without a prescription is prohibited
46 by either federal or state law, for the advertising of such drug to
47 consumers.

48 § 5. This act shall take effect on the one hundred eightieth day after
49 it shall have become a law; provided that effective immediately, any
50 rules and regulations necessary to implement the provisions of this act
51 on its effective date are authorized to be made on or before such effec-
52 tive date and provided further that the provisions of sections three and
53 four of this act shall take effect immediately and shall apply to taxa-
54 ble years beginning on or after January first of the year in which it
55 shall have become a law.