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Cal. No. 623

2009-2010 Regular Sessions

I N A S S E M B L Y

June 8, 2009

Introduced by M. of A. DESTITO, GOTTFRIED, PHEFFER, REILLY, CASTRO, CHRISTENSEN, ESPAILLAT, JAFFEE, GIBSON, KOON, GUNTHER, GALEF, COOK, ROSENTHAL, PERRY, ORTIZ -- Multi-Sponsored by -- M. of A. BRENNAN, DELMONTE, HOOPER, JOHN, MAYERSOHN, MENG, SCHIMEL, WEISENBERG -- read once and referred to the Committee on Health -- reported from committee, advanced to a third reading, amended and ordered reprinted, retaining its place on the order of third reading

AN ACT to direct the department of health to evaluate and report on Medicaid prescription drug reimbursement to retail pharmacies

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

1 Section 1. The commissioner of health shall establish in the depart-
2 ment of health a Medicaid pharmacy reimbursement workgroup (referred to
3 in this act as the "workgroup") for the purpose of assisting the commis-
4 sioner of health in studying Medicaid prescription drug reimbursement to
5 retail pharmacies. The workgroup shall consist of 16 members, to be
6 appointed as follows: 4 members shall be appointed by the governor, 3
7 members shall be appointed by the speaker of the assembly, 3 members
8 shall be appointed by the temporary president of the senate, 1 member
9 shall be appointed by the minority leader of the senate, and 1 member
10 shall be appointed by the minority leader of the assembly. The chairs of
11 the assembly and senate fiscal and health committees, or their designees
12 shall serve as ex-officio members. The work group shall include: (a) 3
13 representatives of organizations of chain and independent retail pharma-
14 cies, 3 prescription drug manufacturers and wholesalers, 2 advocates for
15 Medicaid recipients, and other stakeholders; (b) 2 appropriate officials
16 of the department of health; and (c) 2 academic or other professional
17 experts on prescription drug reimbursement.
18 S 2. 1. The workgroup's study shall include but need not be limited to
19 an analysis of:

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

LBD11995-05-0

1 (a) how the current reimbursement methodology relates to pharmacies'
2 actual costs for wholesale purchasing of drugs and dispensing Medicaid
3 prescriptions, including but not limited to inventory acquisition and
4 management, payroll costs, employee benefits, professional liability
5 insurance, licenses and other fees, professional services such as coor-
6 dination of benefits, patient counseling and prescription verifications,
7 facility costs including rent, mortgage interest, insurance, real estate
8 taxes, utilities, maintenance, permits and delivery expenses, contain-
9 ers, labels and supplies, specialized packaging, transaction fees, tele-
10 phone, data management, computer systems and support, bad debt including
11 uncollected co-pays, and payment lag times;

12 (b) the comparative merits of reimbursement methodologies used in
13 other states or allowed by the Federal government;

14 (c) the effect of New York's current and possible alternative method-
15 ologies on the financial viability of pharmacies, access to prescription
16 drugs for Medicaid recipients, controlling wholesale prices, and costs
17 to the Medicaid system;

18 (d) the actual cost to New York of the pharmacy benefit considering
19 the total amount paid to pharmacies after federal participation, minus
20 the total amount collected by New York in rebates from pharmaceutical
21 manufacturers, and separately identifying product costs and dispensing
22 fees.

23 2. The department of health and other state agencies shall provide
24 assistance to the workgroup in conducting its work. Members of the work-
25 group shall receive no compensation for their service as members of the
26 workgroup but may receive reimbursement for their reasonable and neces-
27 sary expenses incurred in connection with their participation in the
28 workgroup. A public official or employee may serve as a member of the
29 workgroup.

30 S 3. The commissioner of health shall report his or her preliminary
31 findings and recommendations relating to Medicaid prescription drug
32 reimbursement to retail pharmacies to the governor and the legislature
33 no later than January first after this act shall have become a law and
34 may provide further findings and recommendations thereafter.

35 S 4. This act shall take effect immediately.