S T A T E  O F  N E W  Y O R K

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I N  A S S E M B L Y

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Introduced by M. of A. DESTITO, GOTTFRIED, PHEFFER, REILLY, CASTRO, JAFFEE, GIBSON, GUNTHER, GALEF, ROSENTHAL, PERRY, ORTIZ -- Multi-Sponsored by -- M. of A. BRENNAN, HOOPER, MAYERSOHN, MENG, SCHIMEL, WEISENBERG -- read once and referred to the Committee on Health

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:

Section 1. The commissioner of health shall establish in the department of health a Medicaid pharmacy reimbursement workgroup (referred to in this act as the "workgroup") for the purpose of assisting the commissioner of health in studying Medicaid prescription drug reimbursement to retail pharmacies. The workgroup shall consist of 16 members, to be appointed as follows: 4 members shall be appointed by the governor, 3 members shall be appointed by the speaker of the assembly, 3 members shall be appointed by the temporary president of the senate, 1 member shall be appointed by the minority leader of the senate, and 1 member shall be appointed by the minority leader of the assembly. The chairs of the assembly and senate fiscal and health committees, or their designees shall serve as ex-officio members. The work group shall include: (a) 3 representatives of organizations of chain and independent retail pharmacies, 3 prescription drug manufacturers and wholesalers, 2 advocates for Medicaid recipients, and other stakeholders; (b) 2 appropriate officials of the department of health; and (c) 2 academic or other professional experts on prescription drug reimbursement.

S 2. 1. The workgroup's study shall include but need not be limited to an analysis of:

(a) how the current reimbursement methodology relates to pharmacies' actual costs for wholesale purchasing of drugs and dispensing Medicaid prescriptions, including but not limited to inventory acquisition and management, payroll costs, employee benefits, professional liability

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

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insurance, licenses and other fees, professional services such as coordination of benefits, patient counseling and prescription verifications, facility costs including rent, mortgage interest, insurance, real estate taxes, utilities, maintenance, permits and delivery expenses, containers, labels and supplies, specialized packaging, transaction fees, telephone, data management, computer systems and support, bad debt including uncollected co-pays, and payment lag times;

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

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

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

2. The department of health and other state agencies shall provide assistance to the workgroup in conducting its work. Members of the workgroup shall receive no compensation for their service as members of the workgroup but may receive reimbursement for their reasonable and necessary expenses incurred in connection with their participation in the workgroup. A public official or employee may serve as a member of the workgroup.

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

S 4. This act shall take effect immediately.