

STATE OF NEW YORK

5882

2025-2026 Regular Sessions

IN ASSEMBLY

February 24, 2025

Introduced by M. of A. McDONALD, WOERNER -- read once and referred to the Committee on Health

AN ACT to amend the public health law and the insurance law, in relation to payments by pharmacy benefit managers to participating pharmacies

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

1 Section 1. Subdivision 1 of section 280-a of the public health law is
2 amended by adding two new paragraphs (j) and (k) to read as follows:

3 (j) "Pharmacy acquisition cost rate" means the cost paid by a partic-
4 ipating pharmacy to acquire generic, brand name drugs, or biologic
5 products, or drugs produced through genetic technology or biopharmaceu-
6 tical processes pursuant to cost invoices from the pharmacy.

7 (k) "National average drug acquisition cost" means the monthly survey
8 of retail pharmacies conducted by the federal Centers for Medicare and
9 Medicaid Services (CMS) to determine average acquisition cost for Medi-
10 caid covered outpatient drugs.

11 § 2. Subdivision 3 of section 280-a of the public health law, as
12 amended by chapter 128 of the laws of 2022, is amended to read as
13 follows:

14 3. Prescriptions. (a) A pharmacy benefit manager may not substitute or
15 cause the substituting of one prescription drug for another in dispens-
16 ing a prescription, or alter or cause the altering of the terms of a
17 prescription, except with the approval of the prescriber or as explicit-
18 ly required or permitted by law, including regulations of the department
19 of financial services or the department of health. The superintendent
20 and commissioner, in coordination with each other, are authorized to
21 promulgate regulations to determine when substitution of prescription
22 drugs may be required or permitted.

23 (b) To the extent permitted under federal law, a pharmacy benefit
24 manager shall pay a participating pharmacy at minimum at the national
25 average drug acquisition cost (NADAC) rate or at the pharmacy acquisi-
26 tion cost rate if greater or there is not a NADAC rate, plus a profes-
27 sional dispensing fee that is at minimum the professional dispensing fee
28 paid under the state medical assistance program. For generic, brand name

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

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1 medications, biologic products, or drugs produced through genetic tech-
2 nology or biopharmaceutical processes as required by a manufacturer, a
3 federal or state regulatory agency, or accrediting body that require
4 unique handling, distribution or administration, in-depth patient teach-
5 ing, coordination of care, or frequent or special monitoring to ensure
6 successful use, special packaging, shipping or other costs to be
7 incurred by the pharmacy for the dispensing process that is greater than
8 the professional dispensing fee paid by the state medical assistance
9 program, participating pharmacies shall be paid a professional dispens-
10 ing fee for these costs to ensure a participating pharmacy is not paid
11 less than its cost to acquire and dispense medications.

12 § 3. The opening paragraph of subdivision 4 of section 280-a of the
13 public health law, as added by chapter 828 of the laws of 2021, is
14 amended to read as follows:

15 A pharmacy benefit manager shall, with respect to contracts between a
16 pharmacy benefit manager and a pharmacy or, alternatively, a pharmacy
17 benefit manager and a pharmacy's contracting agent, such as a pharmacy
18 services administrative organization, include a reasonable process to
19 appeal, investigate and resolve disputes regarding multi-source generic,
20 brand name, and biologic product, and drugs produced through genetic
21 technology or biopharmaceutical processes drug pricing. The appeals
22 process shall be considered within the existing appeals processes under
23 this section and include the following provisions:

24 § 4. Section 2911 of the insurance law is amended by adding a new
25 subsection (d) to read as follows:

26 (d) To the extent permitted under federal law, a pharmacy benefit
27 manager shall pay a participating pharmacy at minimum at the national
28 average drug acquisition cost (NADAC) rate, as defined in subdivision
29 one of section two hundred eighty-a of the public health law, or at the
30 pharmacy acquisition cost rate, as defined in subdivision one of section
31 two hundred eighty-a of the public health law, if greater or there is
32 not a NADAC rate, plus a professional dispensing fee that is at minimum
33 the professional dispensing fee paid under the state medical assistance
34 program. For generic, brand name medications, biologic products, or
35 drugs produced through genetic technology or biopharmaceutical processes
36 as required by a manufacturer, a federal or state regulatory agency, or
37 accrediting body that require unique handling, distribution or adminis-
38 tration, in-depth patient teaching, coordination of care, or frequent or
39 special monitoring to ensure successful use, special packaging, shipping
40 or other costs to be incurred by the pharmacy for the dispensing process
41 that is greater than the professional dispensing fee paid by the state
42 medical assistance program, participating pharmacies shall be paid a
43 professional dispensing fee for these costs to ensure a participating
44 pharmacy is not paid less than its cost to acquire and dispense medica-
45 tions. A pharmacy benefit manager shall, with respect to contracts
46 between a pharmacy benefit manager and a pharmacy or, alternatively, a
47 pharmacy benefit manager and a pharmacy's contracting agent, such as a
48 pharmacy services administrative organization, include a reasonable
49 process to appeal, investigate and resolve disputes regarding multi-
50 source generic, brand name, biologic product, and drugs produced through
51 genetic technology or biopharmaceutical processes drug pricing. The
52 appeals process shall be considered within the existing appeals process
53 under section two hundred eighty-a of the public health law.

54 § 5. This act shall take effect immediately.