§ 243. Pharmaceutical insurance contract. 1. The commissioner of health shall, subject to the approval of the director of the budget, enter into a contract with one or more contractors to assist in carrying out the provisions of this title. Such contractual arrangements shall be made subject to a competitive process pursuant to the state finance law and shall ensure that state payments for the contractor's necessary and legitimate expenses for the administration of this program are limited to the amount specified in advance, and that such payments shall not exceed the amount appropriated therefor in any fiscal year. The commissioner shall review the contract pricing provisions to assure that the level of contract payments are in the best interest of the state, giving consideration to the total level of participant enrollment achieved, the volume of claims processed, and such other factors as may be relevant in order to contain state expenditures. In the event that the commissioner determines that the contract payment provisions do not protect the interest of the state, the commissioner shall initiate contract negotiations for the purpose of modifying contract payments and/or scope requirements.

2. The responsibilities of the contractor or contractors shall include, but need not be limited to:

(a) providing for a method of determining, on an annual basis and upon their application therefor, the eligibility of persons pursuant to section two hundred forty-two of this title within a reasonable period of time, including alternative methods for such determination of eligibility, such as through the mail or home visits, where reasonable and/or necessary, and for notifying applicants of such eligibility determinations;

(b) notifying each eligible program participant in writing upon the commencement of the annual coverage period of such participant's cost-sharing responsibilities pursuant to section two hundred forty-seven of this title. The contractor shall also notify each eligible program participant of any adjustment of the co-payment schedule by mail no less than thirty days prior to the effective date of such adjustments and shall inform such eligible program participants of the date such adjustments shall take effect;

(c) issuing an identification card to each eligible program

participant;

(d) processing of claims for reimbursement to participating provider pharmacies pursuant to section two hundred fifty of this title;

(e) performing or causing to be performed utilization reviews for such purposes as may be required by the commissioner of health;

(f) conducting audits and surveys of participating provider pharmacies as specified pursuant to the terms and conditions of the contract; and

(g) coordinating coverage with insurance companies and other public and private organizations offering such coverage for those eligible program participants having partial coverage for covered drugs through third-party sources, and providing for recoupment of any duplicate reimbursement paid by the state on behalf of such eligible program participants.

3. The contractor or contractors shall be required to provide such reports as may be deemed necessary by the commissioner of health and shall maintain files in a manner and format approved by the commissioner.

4. The contractor or contractors may contract with private not-for-profit or proprietary corporations, or with entities of local government within the state of New York, to perform such obligations of the contractor or contractors as the commissioner of health shall permit.