
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2029 Session of
2015

INTRODUCED BY GAINNEY, YOUNGBLOOD, THOMAS, SCHWEYER, D. COSTA,
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M. DALEY, MCCLINTON, D. MILLER AND DAVIDSON, MAY 2, 2016

REFERRED TO COMMITTEE ON HEALTH, MAY 2, 2016

AN ACT

1 Establishing the Prescription Drug Program within the Department
2 of Human Services.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Prescription
7 Drug Program Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall
10 have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Department." The Department of Human Services of the
13 Commonwealth.

14 "Pharmacy benefit manager." A prescription drug claims
15 processor that:

16 (1) Negotiates and executes contracts with pharmacies.

17 (2) Negotiates rebates with prescription drug

1 manufacturers.

2 (3) Serves as an intermediary between the program and
3 prescription drug manufacturers and pharmacies.

4 "Prescription drug claims processor." An entity that:

5 (1) Processes and pays prescription drug claims.

6 (2) Adjudicates pharmacy claims.

7 (3) Transmits prescription drug prices and claims data
8 between pharmacies and the program.

9 (4) Processes related payments to pharmacies.

10 "Program." The Prescription Drug Program established under
11 section 3.

12 Section 3. Prescription Drug Program.

13 (a) Establishment.--There is established the Prescription
14 Drug Program within the department.

15 (b) Purposes.--The purposes of the program shall be to:

16 (1) Purchase prescription drugs or reimburse pharmacies
17 for prescription drugs in order to receive discounted prices
18 and rebates.

19 (2) Make prescription drugs available at the lowest
20 possible cost to participants in the program.

21 (3) Maximize the purchasing power of prescription drug
22 consumers in this Commonwealth in order to negotiate the
23 lowest possible prices for the consumers.

24 Section 4. Powers and duties of department.

25 (a) Administration of program generally.--The program shall
26 be administered by the department, which shall:

27 (1) Negotiate price discounts and rebates on
28 prescription drugs with prescription drug manufacturers.

29 (2) Purchase prescription drugs on behalf of
30 participants in the program.

1 (3) Determine program prices and reimburse pharmacies
2 for prescription drugs.

3 (4) Develop a system for allocating and distributing the
4 operational costs of the program and any rebates obtained to
5 participants of the program.

6 (5) Cooperate with other states or regional consortia in
7 the bulk purchase of prescription drugs.

8 (6) Establish terms and conditions for pharmacies to
9 enroll in the program.

10 (b) Contracts.--Subject to the provisions of 62 Pa.C.S.
11 (relating to procurement), the department may enter into
12 contracts with prescription drug claims processors or pharmacy
13 benefit managers.

14 (c) Application process.--

15 (1) The department shall cause to be made available and
16 distributed an application for enrollment in the program.

17 (2) The department may charge a participant a nominal
18 fee to:

19 (i) Process the application for enrollment in the
20 program.

21 (ii) Produce and distribute identification cards for
22 the program.

23 Section 5. Program prices.

24 (a) Calculation and transmittal to pharmacy.--The program
25 shall calculate and transmit the program prices for prescription
26 drugs to an enrolled pharmacy.

27 (b) Charges to program participant.--The pharmacy shall
28 charge a participant the program price for a pharmaceutical if
29 the participant presents a valid program identification card.

30 Section 6. Enrollment.

1 (a) General rule.--Subject to subsection (b),
2 notwithstanding any special or general law to the contrary, the
3 department shall automatically enroll all consumers receiving
4 pharmaceuticals through another department or an agency or
5 entity of the Commonwealth into the program.

6 (b) Exception.--If another department or an agency or entity
7 of the Commonwealth can empirically demonstrate to the
8 department that program enrollment would result in a net
9 increase in costs either to the Commonwealth or the consumers,
10 the other department, agency or entity shall be exempt from
11 automatic enrollment in the program.

12 Section 7. Federal waiver.

13 If a Federal waiver is necessary for the participation of the
14 consumer in the program, the department shall take all necessary
15 steps to obtain the waiver, and any other department, agency or
16 entity of the Commonwealth that provided pharmaceuticals to the
17 consumer shall cooperate with the department in obtaining the
18 waiver.

19 Section 8. Regulations.

20 The department shall promulgate regulations necessary to
21 implement and administer the provisions of this act. The
22 regulations shall address, but not be limited to:

- 23 (1) The enrollment of pharmacies in the program.
24 (2) The issuance of prescription drug identification
25 cards to participants in the program.

26 Section 9. Reports.

27 (a) Transmittal to General Assembly.--Beginning one year
28 after enactment and annually thereafter, the department shall
29 submit a report on the progress of program implementation to:

- 30 (1) The chairperson and minority chairperson of the

1 Public Health and Welfare Committee of the Senate.

2 (2) The chairperson and minority chairperson of the
3 Finance Committee of the Senate.

4 (3) The chairperson and minority chairperson of the
5 Health Committee of the House of Representatives.

6 (4) The chairperson and minority chairperson of the
7 Human Services Committee of the House of Representatives.

8 (5) The chairperson and minority chairperson of the
9 Finance Committee of the House of Representatives.

10 (b) Contents.--Each report under this section shall include,
11 but not be limited to:

12 (1) The number of existing participants and anticipated
13 participants in the program.

14 (2) The number of participants for whom the program has
15 purchased and expects to purchase prescription drugs.

16 (3) The total and average individual savings of
17 prescription drug prices for participants as well as
18 projected total and average individual savings of
19 prescription drug prices for participants.

20 (4) Progress toward expanding the program.

21 (5) Any recommendations for legislation that the
22 department feels is needed to further implement and expand
23 program participation.

24 Section 10. Effective date.

25 This act shall take effect in 180 days.