A bill for an act

relating to health; establishing a prescription drug bulk purchasing program; requiring the commissioner to draft legislation and implementation plan; proposing coding for new law in Minnesota Statutes, chapter 256.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[256.9552] PRESCRIPTION DRUG BULK PURCHASING PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of human services, subject to subdivision 8, shall establish and administer a prescription drug bulk purchasing program to consolidate prescription drug purchasing and reduce prescription drug prices for units of state and local government, private sector employers, other participating entities, and Minnesota residents.

Subd. 2. **Program operation.** (a) The commissioner shall negotiate prices for and purchase prescription drugs on behalf of regional treatment centers, state educational facilities, the state health plan, and other units of state government not otherwise excluded under subdivision 7. The commissioner may also negotiate prices and purchase drugs for units of local government, private employers, other governmental units, and private sector entities, that choose to participate in the program.

(b) The commissioner shall make drugs purchased through the program available to Minnesota residents who choose to participate in the program.

(c) In administering the program, the commissioner shall ensure:

(1) adequate geographic access to prescription drugs purchased through the program; and

(2) that operation of the program does not lead to higher prescription drug prices for entities and Minnesota citizens not participating in the program.

Subd. 3. **Interagency cooperation.** The commissioner shall consult with the commissioner of administration in developing the program, and shall administer the program in cooperation with the commissioner of administration.

Subd. 4. **Negotiation of prices.** The commissioner shall negotiate the prices of all prescription drugs purchased under the program, unless the price of a prescription drug is negotiated as part of a regional drug purchasing consortium under subdivision 5.

Subd. 5. **Regional drug purchasing consortium.** The commissioner shall work with other interested states, and may enter into agreements with one or more states, to expand the bulk purchasing program into a regional bulk purchasing consortium. The commissioner, to the extent possible, shall coordinate these efforts with participation in the multistate preferred drug list and supplemental rebate program authorized under section 256B.0625, subdivision 13g.

Subd. 6. **Distribution of purchased drugs; payments to commissioner.** (a) The commissioner shall make prescription drugs purchased through the program available to the entities described in subdivision 2, paragraph (a). The commissioner shall charge these entities the negotiated price for the prescription drugs, plus an administrative fee set by the commissioner at a level to recover the costs of administering the program. Participating entities shall forward this amount to the commissioner in the form and manner specified by the commissioner.

(b) The commissioner shall also make prescription drugs available to Minnesota residents through Minnesota pharmacies that choose to participate in the program. The pharmacy shall make these drugs available to local consumers, and shall charge these individuals the negotiated price, the administrative fee referenced in paragraph (a), and a dispensing fee set by the commissioner at a level to cover the costs to the pharmacy of dispensing the prescription drugs. A participating pharmacy shall forward the negotiated price payment and the administrative fee to the commissioner, in the form and manner specified by the commissioner, but shall retain the dispensing fee. The commissioner may limit the number of pharmacies participating in the program if this would significantly increase the level of state savings or significantly reduce administrative costs, and still maintain adequate geographic access.

(c) The commissioner may choose not to implement paragraph (b) if the commissioner determines that this would significantly increase the level of state savings or significantly reduce administrative costs. If the commissioner chooses not to implement paragraph (b), the commissioner shall provide justification for this decision in the

implementation plan submitted to the legislature under subdivision 9. The commissioner shall also ensure that Minnesota residents are able to purchase prescription drugs through the entities described in subdivision 2, paragraph (a), and have adequate geographic access to prescription drugs offered through the program.

Subd. 7. **Other state programs.** The commissioner shall not include medical assistance, MinnesotaCare, general assistance medical care, or programs operated by the commissioner of corrections in the bulk purchasing program. The commissioner may recommend to the legislature, as part of the implementation plan due December 15, 2008, that these programs be included, if the commissioner determines that inclusion would result in significant savings to those programs.

Subd. 8. **Contingent implementation.** The commissioner is not required to implement a prescription drug bulk purchasing program if the commissioner determines, based upon the results of a financial analysis, that a program would not result in significant savings to units of state government, other participating entities, and Minnesota residents. If the commissioner makes this determination, the commissioner shall notify the legislature of the decision to not implement the program and shall also submit to the legislature the results of the financial analysis.

Subd. 9. **Implementation plan.** The commissioner shall present to the legislature, by December 15, 2008, an implementation plan and draft legislation needed to implement the prescription drug bulk purchasing program by July 1, 2009. The commissioner may include in the implementation plan and draft legislation any recommendations for program changes necessary to increase savings to units of state government, Minnesota residents, and other participating entities, or to reduce administrative costs.