

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 1184

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Introduction and first reading
Referred to Health and Human Services Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act

1.2 relating to human services; requiring the commissioner of human services to

1.3 implement a program to obtain discounted prescription drugs through Canadian

1.4 pharmacies; establishing a website for ordering prescription drugs; providing state

1.5 and local employee health plans, state health care programs, and health plan

1.6 companies access to discounted prescription drugs; proposing coding for new law

1.7 in Minnesota Statutes, chapter 256.

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

1.9 Section 1. **[256.952] PRESCRIPTION DRUG REIMPORTATION PROGRAM.**

1.10 Subdivision 1. Establishment. The commissioner of human services shall develop a

1.11 program to make discounted prescription drugs reimported from Canada available to

1.12 Minnesotans. The commissioner shall implement the program by July 1, 2020.

1.13 Subd. 2. Price negotiation; contracts. (a) The commissioner shall negotiate prescription

1.14 drug prices with Canadian pharmacies licensed under section 151.19, subdivision 1, and

1.15 shall contract with the pharmacies to make these prices available to eligible entities. The

1.16 commissioner shall require pharmacies, as a condition of contract, to verify:

1.17 (1) the business location;

1.18 (2) licensure by a Canadian province;

1.19 (3) that licensed pharmacists are filling prescriptions; and

1.20 (4) the prescription drugs being delivered are supplied by the pharmacy.

1.21 (b) The commissioner shall exclude from the reimportation program those prescription

1.22 drugs for which:

2.1 (1) the commissioner has determined that significant savings, relative to prices paid by
2.2 Minnesota purchasers, cannot be obtained after accounting for administrative and shipping
2.3 costs;

2.4 (2) the commissioner has quality concerns, including concerns related to preserving drug
2.5 quality throughout the mail-order delivery process; or

2.6 (3) approval has not been received from the United States Food and Drug Administration.

2.7 (c) In setting the price of a prescription drug for purchase on the program website, the
2.8 commissioner may add an assessment sufficient to cover the costs to the agency of
2.9 administering the program and to pay back the agency for start-up expenses over a six-year
2.10 period, not to exceed \$..... per prescription. Contracts with Canadian pharmacies must
2.11 require the pharmacy to pay to the commissioner, on a monthly basis, an amount equal to
2.12 the total amount of the assessment fees collected by the pharmacy through orders using the
2.13 program website.

2.14 (d) The commissioner may enter into an agreement with a pharmacy benefit manager
2.15 to negotiate prices and administer contracts with Canadian pharmacies.

2.16 Subd. 3. **Eligible entities.** The following entities are eligible to purchase prescription
2.17 drugs under the program:

2.18 (1) state and local government employee health care programs established under sections
2.19 43A.23 and 43A.316;

2.20 (2) state health care programs administered by the commissioner under chapters 256B
2.21 and 256L;

2.22 (3) health plan companies as defined under section 62Q.01, subdivision 4; and

2.23 (4) residents of Minnesota.

2.24 Subd. 4. **Website.** The commissioner shall establish a website, or modify an existing
2.25 website, to allow eligible entities to purchase prescription drugs from Canadian pharmacies
2.26 at the price negotiated by the commissioner, plus any assessment for agency administrative
2.27 costs. The website must allow enrollees of eligible entities to have prescription drugs
2.28 delivered to a participating Minnesota pharmacy.

2.29 Subd. 5. **Participating pharmacies; administrative and counseling fee.** A Minnesota
2.30 pharmacy may register with the commissioner to participate in the program. A participating
2.31 pharmacy must receive and store prescription drugs delivered by Canadian pharmacies,
2.32 notify enrollees of the arrival of these prescription drugs, and provide drug counseling at

3.1 the time a prescription drug is dispensed. A participating pharmacy may charge an enrollee
3.2 a fee not to exceed \$..... per prescription to cover the pharmacy's administrative costs and
3.3 the cost of providing drug counseling.

3.4 Subd. 6. **State and local government enrollees.** State and local government employee
3.5 health care programs established under sections 43A.23 and 43A.316 shall give enrollees
3.6 the option of purchasing prescription drugs through the program's website. State and local
3.7 government employee health care programs shall exempt prescription drugs ordered through
3.8 the website from any applicable enrollee co-payments.

3.9 Subd. 7. **State health care programs.** The medical assistance and MinnesotaCare
3.10 programs shall give enrollees the option of purchasing prescription drugs through the
3.11 program's website. The commissioner shall exempt prescriptions ordered through the website
3.12 from any applicable enrollee co-payments.

3.13 Subd. 8. **Health plan companies.** A health plan company, as defined under section
3.14 62Q.01, subdivision 4, must participate in the program for all health plans it offers. A health
3.15 plan company must give enrollees the option of purchasing prescription drugs through the
3.16 program's website but cannot require enrollees to participate. The health plan company must
3.17 pass on all savings resulting from participating in the program to enrollees by reducing or
3.18 eliminating prescription drug co-payments and shall pass on any remaining savings to
3.19 purchasers in the form of reduced premiums.

3.20 Subd. 9. **Multistate agreements.** The commissioner may enter into agreements with
3.21 other states to jointly negotiate prescription drug prices with Canadian pharmacies and
3.22 jointly administer a multistate prescription drug reimportation program.

3.23 Subd. 10. **MinnesotaCare tax.** Prescription drugs reimported under this section are
3.24 subject to any tax imposed under section 295.52.

3.25 Subd. 11. **Implementation plan.** The commissioner shall develop an implementation
3.26 plan for the prescription drug reimportation program, and shall present this plan and any
3.27 necessary draft legislation to the legislature by December 15, 2019. The implementation
3.28 plan must:

3.29 (1) establish a process to identify the prescription drugs for which the commissioner
3.30 will negotiate prices;

3.31 (2) set criteria for determining when price savings are significant;

- 4.1 (3) set the amount of each prescription assessment at a level that covers ongoing agency
4.2 administrative costs and allows the general fund appropriation to be paid back over a six-year
4.3 period;
- 4.4 (4) propose procedures to ensure the quality of the prescription drugs imported;
- 4.5 (5) evaluate and address any data privacy concerns; and
- 4.6 (6) recommend any program procedures and modifications necessary to effectively
4.7 implement the program.