

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005

A Bill

HOUSE BILL 1955

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By: Representatives T. Hutchinson, J. Hutchinson, Kenney, Key

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For An Act To Be Entitled

9 AN ACT TO CREATE THE ARKANSAS AFFORDABLE RX DRUG
10 PROGRAM; AND FOR OTHER PURPOSES.

11
12

Subtitle

13 THE ARKANSAS AFFORDABLE RX DRUG PROGRAM.

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16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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18 SECTION 1. Arkansas Code Title 20, Chapter 76 is amended to add an
19 additional subchapter to read as follows:

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20-76-501. Findings.

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The General Assembly finds that:

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(1) Affordability is critical in providing access to
23 prescription drugs for Arkansas residents;

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(2) The state should take steps to:

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(A) Make prescription drugs more affordable for qualified
26 Arkansas residents; and

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(B) Integrate the program as part of any statewide program
28 for the uninsured;

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(3) The state should not:

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(A) Discourage employers from offering or paying for
31 prescription drug benefits for their employees; or

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(B) Replace employer-sponsored prescription drug benefit
33 plans that provide benefits comparable to those made available to qualified
34 Arkansas residents under this subchapter; and

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(4) A statewide prescription drug program for citizens will
36 increase the overall health of Arkansas residents, promote healthy



1 communities, and protect the public health and welfare.

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3 20-76-502. Definitions.

4 As used in this subchapter:

5 (1) "Average wholesale price" means the wholesale price charged
6 on a specific drug that is assigned by the drug manufacturer and is listed in
7 a nationally recognized drug pricing file;

8 (2) "Covered drugs" means drugs that are on the Arkansas
9 Affordable Rx Program preferred drug list;

10 (3) "Labeler" means a person or entity that:

11 (A) Receives prescription drugs from a manufacturer or
12 wholesaler and repackages those drugs for later retail sales; and

13 (B) Has a labeler code from the Food and Drug
14 Administration under 21 C.F.R. § 207.20, as in effect January 1, 2005;

15 (4)(A) "Participating retail pharmacy" means a participant in
16 the Arkansas Affordable Rx Program that is:

17 (i) A retail pharmacy located in this state; or

18 (ii) Another business licensed to dispense
19 prescription drugs in this state.

20 (B) "Participating retail pharmacy" may include a mail-
21 order pharmacy; and

22 (5) "Qualified resident" means a resident of the state who:

23 (A) Is not otherwise enrolled in or covered by any
24 prescription drug benefit or insurance plan, including Medicaid and Medicare
25 Part D;

26 (B) Is enrolled in the program; and

27 (C)(i) Is sixty-five (65) years of age or older; or
28 (ii) Has a family income equal to or less than three
29 hundred fifty percent (350%) of the federal poverty level;

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31 20-76-503. Program established.

32 (a) The Arkansas Affordable Rx Program is established to reduce
33 prescription drug prices to eligible Arkansans and to improve the quality of
34 health care for residents of the state.

35 (b) The Department of Human Services shall administer the program.

36 (c) The department shall seek any waivers of federal law, rule, or

1 regulation necessary to implement the provisions of this subchapter.

2 (d) The program shall not be implemented unless sufficient funding is
 3 available.

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 5 20-76-504. Development of program.

6 (a) In implementing the Arkansas Affordable Rx Program, the Director
 7 of the Department of Human Services shall utilize risk management and cost
 8 containment principles to obtain the lowest possible prescription drug costs
 9 to qualified residents and the program.

10 (b) The director may in consultation with the Drug Utilization and
 11 Evaluation Subcommittee of the State and Public School Life and Health
 12 Insurance Board:

13 (1) Contract to create a list of covered drugs and negotiate
 14 pharmaceutical prices with manufacturers and labelers for the benefit of
 15 participating members and pharmacies;

16 (2) Develop reasonable participating retail pharmacy
 17 reimbursement rates based upon average wholesale prices or other available
 18 information and including payment of a dispensing fee;

19 (3) Either independently or in combination with a state
 20 preferred drug list implement cost-saving measures for pharmaceutical
 21 services, including, but not limited to, tiered co-payments, reference
 22 pricing, prior authorization, step therapy requirements, exclusion from
 23 coverage of drugs or classes of drugs, mandating the use of generic drugs,
 24 and mandating the use of therapeutic equivalent drugs; and

25 (4) Enter into agreements with a pharmacy benefits manager,
 26 pharmacy benefits consultant, or other private entities to design, implement,
 27 manage, or audit the program.

28
 29 20-76-505. Operation of program.

30 (a) Participating retail pharmacies shall disclose to qualified
 31 residents the amount of savings provided as a result of the Arkansas
 32 Affordable Rx Program.

33 (b) The Department of Human Services may not impose transaction
 34 charges under the Arkansas Affordable Rx Program on participating retail
 35 pharmacies that submit claims or receive reimbursements under the program.

36 (c) A participating retail pharmacy shall submit claims for

1 reimbursement to the department or an entity contracting with the department
 2 to provide pharmacy benefits management.

3 (d) On a biweekly basis, the department shall pay a participating
 4 retail pharmacy applicable reimbursement rates for prescription drugs
 5 dispensed to qualified residents and a dispensing fee established by the
 6 department.

7 (e) The department shall conduct ongoing quality assurance activities
 8 as needed at the discretion of the director of the department.

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 10 20-76-506. Annual summary report.

11 The Department of Human Services shall report the enrollment and
 12 financial status of the program to the Legislative Council by October 1 each
 13 year.

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 15 20-76-507. Obligations of department.

16 (a) The Department of Human Services shall:

17 (1) Establish simplified procedures for determining eligibility
 18 and issuing Arkansas Affordable Rx Program enrollment cards to qualified
 19 residents; and

20 (2) Undertake outreach efforts to:

21 (A) Build public awareness of the program; and

22 (B) Maximize enrollment of qualified residents.

23 (b) The department may adjust the requirements and terms of the
 24 program to accommodate any new federally funded prescription drug programs.

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 26 20-76-508. Medical assistance programs.

27 (a) The Department of Human Services shall administer the Arkansas
 28 Affordable Rx Program in a manner that is advantageous to the program and to
 29 the enrollees in the program.

30 (b) In implementing this subchapter the department may:

31 (1) Coordinate other programs of the department with this
 32 program; and

33 (2) Provide the benefits of this program to enrollees in other
 34 programs of the department.

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 36 20-76-509. Implementation.

1 Subject to available funding and federal law, the Department of Human
2 Services shall begin offering Arkansas Affordable Rx Program drug benefits
3 under this subchapter on February 1, 2006 and shall immediately make all best
4 efforts to:

- 5 (1) Enroll eligible participants;
- 6 (2) Publicize and promote the Arkansas Affordable Rx Program;
- 7 (3) Enroll participating retail pharmacies; and
- 8 (4) Promulgate all rules necessary to administer the Arkansas
9 Affordable Rx Program.

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11 20-27-510. Fee.

12 Participating residents shall pay an annual fee of twenty-five dollars
13 (\$25.00) to participate in the Arkansas Affordable Rx Program.

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