

EXHIBIT K

INTERIM STUDY PROPOSAL 2017-111

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3 REQUESTING THAT THE HOUSE COMMITTEE ON PUBLIC HEALTH, WELFARE, AND
4 LABOR STUDY MODIFYING PHARMACY BENEFITS MANAGEMENT SERVICES WITHIN THE
5 ARKANSAS WORKS PROGRAM.

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7 WHEREAS, in 2013, the State of Arkansas took a unique approach to
8 implementing the Patient Protection and Affordable Care Act, Pub. L. No. 111-
9 148, to expand the Arkansas Medicaid Program to certain populations through
10 private health insurance; and

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12 WHEREAS, under the Health Care Independence Act of 2013, § 20-77-2401
13 et seq., eligible individuals could enroll in a qualified health plan through
14 the Arkansas Health Insurance Marketplace; and

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16 WHEREAS, under the Health Care Independence Act of 2013, § 20-77-2401
17 et seq., the Department of Human Services pays the premiums and some amounts
18 of cost-sharing for individuals enrolled in a qualified health plans; and

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20 WHEREAS, the Health Care Independence Program established by the Health
21 Care Independence Act of 2013, § 20-77-2401 et seq., terminated on December
22 31, 2016; and

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24 WHEREAS, the Arkansas Works Act of 2016, § 23-61-1001 et seq.,
25 established the Arkansas Works Program; and

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27 WHEREAS, three (3) private insurance companies, Arkansas Blue Cross and
28 Blue Shield, Ambetter from Arkansas Health & Wellness Insurance Company, and
29 QualChoice Life and Health Insurance Company, Inc., offer qualified health
30 plans to individuals enrolled in the Arkansas Works beneficiaries through the
31 Arkansas Health Insurance Marketplace; and

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33 WHEREAS, in January 2018, complaints arose regarding the practices of
34 pharmacy benefits managers used by the three (3) private insurance companies
35 to utilize pharmacy benefits management services for qualified health plans;
36 and

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2 WHEREAS, during the Second Extraordinary Session of 2018, the General
3 Assembly enacted laws to address the oversight of the pharmacy benefits
4 managers as well as other subject matters, but did not address best practices
5 for delivering pharmacy benefits management services on the Arkansas Works
6 Program; and

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8 WHEREAS, "pharmacy benefits management services" means services that
9 manage the provision of pharmacy benefit services, including without
10 limitation claims processing services, network management, benefit
11 consultation, formulary development, drug coverage policy development, and
12 rebate management; and

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14 WHEREAS, an alternative model for pharmacy benefits management services
15 exists as implemented by the Employee Benefits Division of the Department of
16 Finance and Administration through the College of Pharmacy of the University
17 of Arkansas for Medical Sciences, which divides pharmacy benefits management
18 services between a pharmacy benefits manager that provides claims processing
19 services and network management and a managing consultant organization that
20 provides all other pharmacy benefits management services; and

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22 WHEREAS, this alternative model for pharmacy benefits management
23 services is often referred to as a "managing consultant model"; and

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25 WHEREAS, the General Assembly has not undertaken research to determine
26 whether a managing consultant model would suit the Arkansas Works Program
27 better than the present model of providing pharmacy benefits management
28 services; and

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30 WHEREAS, based on the complaints about the practices of pharmacy
31 benefits managers, a need exists to explore alternative models for providing
32 pharmacy benefits management services to consumers in Arkansas,

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34 NOW THEREFORE,

35 BE IT PROPOSED BY THE HOUSE COMMITTEE ON PUBLIC HEALTH, WELFARE, AND LABOR OF
36 THE NINETY-FIRST GENERAL ASSEMBLY:

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THAT the House Committee on Public Health, Welfare, and Labor study alternative models for providing pharmacy benefits management services to individuals enrolled in the Arkansas Works Program for purpose of maximizing savings to the state and federal taxpayers and to ensure that benefits subsidized by state or federal dollars can gain access to these alternative models.

BE IT FURTHER PROPOSED THAT, the following entities assist, if requested, the House Committee on Public Health, Welfare, and Labor:

- (1) The Department of Human Services;
- (2) The State Insurance Department;
- (3) The Employee Benefits Division of the Department of Finance and Administration;
- (4) The College of Pharmacy of the University of Arkansas for Medical Sciences; and
- (5) The Arkansas Health Insurance Marketplace.

Respectfully submitted,

Representative Kim Hammer
District 28

Prepared by: JMB/JMB