

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 As Engrossed: H3/23/01 S4/10/01 S4/11/01

2 83rd General Assembly

A Bill

3 Regular Session, 2001

HOUSE BILL 2498

4

5 By: Representative King

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For An Act To Be Entitled

9 AN ACT TO STUDY THE FEASIBILITY OF THE STATE OF
10 ARKANSAS JOINING A REGIONAL CONSORTIUM FOR
11 PURCHASING MEDICINES; TO ESTABLISH THE JOINT
12 LEGISLATIVE COMMISSION ON PRESCRIPTION DRUG
13 COSTS; TO AUTHORIZE THE DEPARTMENT OF HUMAN
14 SERVICES TO SEEK APPROVAL FOR FEDERALLY-QUALIFIED
15 HEALTH CENTERS; AND FOR OTHER PURPOSES.

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Subtitle

18 AN ACT TO STUDY THE STATE'S JOINING A
19 REGIONAL CONSORTIUM FOR PURCHASING
20 MEDICINES AND TO ESTABLISH THE JOINT
21 LEGISLATIVE COMMISSION ON PRESCRIPTION DRUG
22 COSTS.

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

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27 SECTION 1. (a) There is created the Joint Legislative Commission on
28 Prescription Drug Costs which shall have four (4) legislative members
29 appointed by the Speaker of the House of Representatives and three (3)
30 legislative members appointed by the President Pro Tempore of the Senate.

31 (b) The commission may:

32 (1) Explore strategies by which Arkansas and other states in the
33 region might work cooperatively to reduce prescription drug costs and prices
34 for their citizens;

35 (2) Develop proposals for uniform legislation, interstate
36 compacts, and any other legislative proposals relating to prescription drugs.

1 for introduction in the legislatures of the several states;

2 (3) Consider the formation of a regional purchasing consortium
3 to use the full purchasing power of the states who are members of the
4 consortium to obtain lower prices for prescription drugs;

5 (4) Report to the Legislative Council by July 1 of each year on
6 any findings and recommendations relating regional prescription drug
7 purchasing consortium; and

8 (5) Conduct any other activity the commission deems necessary or
9 desirable in carrying out the purposes of this section.

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11 SECTION 2. (a) The House and Senate Interim Committees on Public
12 Health, Welfare, and Labor may hire an independent consultant to conduct a
13 study to determine the feasibility of aggregating the purchase and
14 distribution of prescription drugs for all of the following:

15 (1) Participants in the Medicaid program;

16 (2) Enrollees in the Medicare program;

17 (3) Members and others who purchase health care services through
18 the health benefits program of the public employees' benefits board;

19 (4) Any other individuals on whose behalf the state, county, or
20 local government entity provides funds or services, in whole or in part, for
21 the purchase of prescription drugs or prescription drug benefits;

22 (5) Arkansas residents fifty-five (55) years of age or older who
23 have limited or no insurance coverage for prescription drugs; and

24 (6) Arkansas residents less than fifty-five (55) years of age
25 who have limited or no insurance coverage for prescription drugs.

26 (b) The study may assess the feasibility of this state joining a
27 regional governmental purchasing consortium for the purpose of purchasing
28 pharmaceuticals and other medical supplies at reduced prices.

29 (c)(1) The study may specifically and separately assess the
30 feasibility of including in the aggregate large Arkansas private sector
31 purchasers of prescription drugs.

32 (2) The study may assess the possible effects that the inclusion
33 of these purchasers could have on the economy, specifically related to
34 prescription drug manufacturers, biotechnology firms, and pharmacies, and
35 shall evaluate the extent to which inclusion of these purchasers would be
36 marginally cost-effective relative to the aggregate specified in subsection

1 (1) of this section.

2 (d)(1) The study may determine the impact that an aggregate purchasing
3 program would have on the Medicaid contract drug program, including the
4 extent to which the purchasing program would increase or reduce the net cost
5 of drugs in the Medicaid program.

6 (2) The study may recommend the optimal configuration, if any,
7 of an aggregate purchasing program, based on the following factors:

8 (A) The state's funding capabilities;

9 (B) The extent to which the program could be implemented
10 in accordance with existing federal law; and

11 (C) The extent to which the program would not reduce the
12 scope of benefits, or access to medically necessary medications for program
13 participants.

14 (e) If an alternative program is deemed feasible, the study may
15 identify the number of individuals who would be eligible or required to
16 participate in the alternative program, and the specific steps that would be
17 necessary to implement the alternative program, including any necessary
18 changes to state law.

19 (f) Nothing in this section may permit, or be construed to permit, a
20 breach of the confidentiality of contracts or agreements between the Medicaid
21 program and pharmaceutical manufacturers.

22 (g)(1) The commission may submit the results of the study to the
23 Legislative Council and the Governor by July 1, 2002.

24 (2) If the results of the study indicate that the program is not
25 feasible or would result in a reduction in the quality of care for program
26 beneficiaries, that fact shall be clearly stated.

27 (3) A program proposed under this section may not be implemented
28 without enactment of a statute.

29 (h) The commission shall expire November 1, 2002.

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31 SECTION 3. Federally-qualified health centers.

32 (a) It is the purpose of this section to assist Arkansans to purchase
33 prescription drugs at the lowest possible cost, and to advance Arkansas's
34 goal of affordable access to quality health care for all Arkansans through
35 the expansion and development of federally-qualified health centers
36 throughout this state.

1 (b) The General Assembly finds that an appropriate expansion of
2 federally-qualified health care centers can:

3 (1) Empower communities to create a system of universal access
4 to primary health care that people need;

5 (2) Create a partnership between Arkansans who use health care
6 services and Arkansans who provide those services;

7 (3) Reduce health care costs for patients through administration
8 of an income-based sliding scale fee schedule for primary health care
9 services;

10 (4) Expand access to health care in medically-underserved areas,
11 and reduce cost shifting to private health insurance plans through a service-
12 based reimbursement schedule for primary health care providers that is
13 determined by the reasonable cost of the services provided; and

14 (5) Reduce health care costs for individuals, businesses and
15 government through access to the federal supply schedule's substantially
16 discounted prescription drug prices.

17 (c)(1) Within forty-five (45) days of the effective date of this act,
18 the Department of Human Services may request from the federal government
19 medically-underserved area designations, and any other designation or
20 approval needed to establish federally qualified health centers or other
21 entities permitted to access the federal supply schedule for prescription
22 drugs in all appropriate regions of the state of Arkansas not so designated
23 on the effective date of this act, and to take all steps, subject to the
24 availability of funds, necessary to secure such designations and approvals.

25 (2) The department may submit a report of its progress to the
26 Legislative Council and the Governor by July 1, 2002.

27 /s/ King
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