

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Prescription Drug Discount Program

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### Overview

This bill requires the commissioner of human services to establish and administer a prescription drug program. The program would allow eligible persons to purchase prescription drugs at participating pharmacies at a discount, and would reimburse pharmacies for the cost of providing this discount using money received from drug manufacturer rebates.

#### Section

**1 Prescription drug discount program.** Adds § 256.954. Establishes a prescription drug discount program within the department of human services.

**Subd. 1. Establishment; administration.** Requires the commissioner of human services to establish and administer the prescription drug discount program, effective January 1, 2004.

**Subd. 2. Commissioner's authority.** Directs the commissioner to administer a rebate program for drugs purchased through the prescription drug discount program, using the terms and conditions of the federal Medicaid rebate program.

**Subd. 3. Definitions.** Defines terms. Exempts multisource drugs for which there are three or more drug products from the requirements of this section, unless they are innovator multi-source drugs.

**Subd. 4. Eligible persons.** In order to be eligible, requires an applicant to:

- ▶ be a permanent resident of Minnesota;
- ▶ not be enrolled in a state health care program or the prescription drug program;

- ▶ not be enrolled in and have available prescription drug coverage through a health plan;
- ▶ not be enrolled in and have available prescription drug coverage through a Medicare supplement plan; and
- ▶ have a gross household income that does not exceed 250 percent of the federal poverty guidelines.

**Subd. 5. Application procedure.** Requires applications to be available at specified sites. Requires individuals to apply for the program through county social services agencies, and requires agencies to determine eligibility within 30 days. Specifies that eligibility begins the month after approval. Requires the commissioner to develop an application form that does not exceed one page in length.

**Subd. 6. Participating pharmacy.** Requires participating pharmacies to sell prescription drugs to enrolled individuals at the pharmacy's usual and customary retail price, minus the rebate amount and plus any administrative fee and switch fee. Also requires pharmacies to provide the commissioner with information necessary to administer the program.

**Subd. 7. Notification of rebate amount.** Requires the commissioner to notify each drug manufacturer, each calendar quarter or according to a schedule established by the commissioner, of the amount of rebate owed on prescription drugs sold to enrolled individuals.

**Subd. 8. Provision of rebate.** Requires manufacturers to provide a rebate equal to the MA rebate, for any prescription drug purchased by an enrolled individual at a participating pharmacy. Requires full payment within 30 days of the state invoice, or according to a schedule established by the commissioner, and also requires manufacturers to provide the commissioner with information to verify the rebate determined per drug. Requires the commissioner to deposit rebates into the Minnesota prescription drug dedicated fund.

**Subd. 9. Payment to pharmacies.** Requires the commissioner to distribute to pharmacies, on a biweekly basis, the rebate amount obtained for prescription drugs sold by the pharmacy, minus the administrative fee.

**Subd. 10. Administrative fee; switch fee.** Requires the commissioner to establish an administrative fee that covers expenses for enrollment, claims processing, repaying the start-up appropriation over a seven-year period, and distributing rebates. Requires the commissioner to establish a switch fee to cover expenses incurred by pharmacies in formatting claims for electronic submission.

**Subd. 11. Dedicated fund; creation; use of fund.** Establishes the Minnesota prescription drug dedicated fund in the state treasury. Requires the commissioner of finance to credit to the fund all rebates paid, any federal funds received, and any designated appropriations or allocations. Specifies that money in the fund is appropriated to the commissioner of human services to reimburse participating pharmacies, pay expenses related to administration of the prescription drug program, and repay the appropriation from the cash flow account. Requires the commissioner to administer the program so that costs do not exceed the funds appropriated plus drug rebate proceeds.

**2 Appropriation.** Appropriates \$6.5 million on July 1, 2003 from the cash flow account to the Minnesota prescription drug dedicated fund.