

1 SENATE BILL 354

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017**

3 INTRODUCED BY

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10 AN ACT

11 RELATING TO PROCUREMENT; ESTABLISHING THE INTERAGENCY
12 PHARMACEUTICALS PURCHASING COUNCIL; PROVIDING FOR COORDINATED
13 PROCUREMENT OF PHARMACEUTICALS AND PHARMACEUTICAL BENEFITS
14 AMONG CERTAIN STATE AGENCIES AND OTHER GOVERNMENTAL ENTITIES
15 AND FOR REPORTING.

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17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

18 SECTION 1. [NEW MATERIAL] INTERAGENCY PHARMACEUTICALS
19 PURCHASING COUNCIL--CREATION--MEMBERSHIP--DUTIES.--

20 A. The "interagency pharmaceuticals purchasing
21 council" is created and is administratively attached to the
22 general services department. Beginning January 1, 2019, the
23 council shall utilize existing constituent agency resources to
24 review and coordinate cost-containment strategies for the
25 procurement of pharmaceuticals and pharmacy benefits and the

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1 pooling of risk for pharmacy services by the constituent
2 agencies. The secretary of general services shall serve as
3 director of the council and shall be responsible for the
4 coordination of the day-to-day activities of the council.

5 B. The interagency pharmaceuticals purchasing
6 council shall be composed of the following eleven members
7 serving as voting, ex-officio members:

8 (1) the secretary of human services or the
9 secretary's designee;

10 (2) the secretary of health or the secretary's
11 designee;

12 (3) the secretary of children, youth and
13 families or the secretary's designee;

14 (4) the secretary of corrections or the
15 secretary's designee;

16 (5) the director of the risk management
17 division of the general services department;

18 (6) the executive director of the retiree
19 health care authority;

20 (7) the executive director of the public
21 school insurance authority;

22 (8) the superintendent of the Albuquerque
23 public school district or the superintendent's designee;

24 (9) the president of the university of New
25 Mexico or the president's designee; and

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1 (10) two members, appointed by the governor,
2 who are officers of, or representative of organizations that
3 represent, county, municipal or local government entities that
4 participate in consolidated purchasing of pharmaceuticals or
5 pharmacy benefits with other constituent agencies.

6 C. The interagency pharmaceuticals purchasing
7 council shall convene its first meeting by December 1, 2017 at
8 the call of the secretary of general services. After the
9 initial meeting of the council, the council shall meet at least
10 once quarterly at the call of the secretary of general
11 services.

12 D. The presence of a majority of voting members of
13 the interagency pharmaceuticals purchasing council constitutes
14 a quorum. The affirmative vote of a majority of a quorum
15 present shall be necessary for an action to be taken by the
16 council.

17 E. The interagency pharmaceuticals purchasing
18 council shall utilize existing constituent agency resources to
19 review and coordinate cost-containment strategies for the
20 procurement of pharmaceuticals and pharmacy benefits and the
21 pooling of risk for pharmacy services by the constituent
22 agencies. As resources allow, the cost-containment strategies
23 that the council shall examine are:

24 (1) the benchmarking of pricing for
25 pharmaceuticals and pharmacy benefits to:

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1 (a) the pricing that the state's medical
2 assistance plans achieve for pharmaceuticals and pharmacy
3 benefits; and

4 (b) the pricing that the United States
5 department of veterans affairs achieves for pharmaceuticals and
6 pharmacy benefits;

7 (2) active medical management to optimize
8 health outcomes and reduce costs;

9 (3) the establishment of a common formulary
10 for all pharmaceuticals and pharmacy benefits plans offered by
11 constituent agencies;

12 (4) a single purchase agreement for all
13 constituent agencies' pharmaceuticals and pharmacy benefits;

14 (5) common procurement of expert services,
15 including, at minimum, pharmacy benefits management, pharmacy
16 benefits management oversight services, medical direction and
17 actuarial services;

18 (6) identifying any opportunities to
19 consolidate purchasing among two or more constituent agencies;

20 (7) identifying any opportunities for pooling
21 risk among two or more constituent agencies or populations the
22 constituent agencies serve;

23 (8) identifying any opportunities for
24 consolidating purchasing with other entities and states of the
25 United States;

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1 (9) ensuring that all agencies, programs,
2 clinics, hospitals and other health-related centers and
3 entities, including those identified by the human services
4 department pursuant to Paragraph (3) of Subsection A of Section
5 27-2-12.13 NMSA 1978, that are eligible for pharmaceutical
6 discounts pursuant to Section 340B of the federal Public Health
7 Service Act participate in that Section 340B federal
8 pharmaceutical price discount program;

9 (10) identifying any opportunities for
10 maximizing the use of generic pharmaceuticals where safe and
11 cost-effective to do so;

12 (11) negotiating advantageous pricing and
13 incentives with insurers, pharmacy benefits managers,
14 pharmacies, manufacturers, distributors and vendors of
15 pharmaceuticals and other third-party entities involved in
16 supplying pharmaceuticals, pharmacy benefits and management
17 services to the council's constituent entities; and

18 (12) identifying any other opportunities for
19 maximizing efficiency and a high standard of health care
20 quality.

21 F. The legislative finance committee shall annually
22 review and validate the council's progress. It shall
23 incorporate this information into its budget and policy
24 analysis and recommendations.

25 G. As used in this section, "constituent agency"

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1 means:

2 (1) the human services department, including
3 any medical assistance program it administers;

4 (2) the department of health;

5 (3) the children, youth and families
6 department;

7 (4) the corrections department;

8 (5) the risk management division of the
9 general services department;

10 (6) the retiree health care authority;

11 (7) the public school insurance authority;

12 (8) the publicly funded health care program of
13 the Albuquerque public school district;

14 (9) the university of New Mexico health
15 benefits program for university employees and retirees;

16 (10) the university of New Mexico hospitals;

17 or

18 (11) any local, county or municipal government
19 that opts to participate in consolidated pharmaceuticals or
20 pharmacy benefit purchasing.