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SENATE BILL 8

53RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2018

INTRODUCED BY

Jeff Steinborn

AN ACT

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

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

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

A. The "interagency pharmaceuticals purchasing
council" is created and is administratively attached to the
general services department. The council shall utilize
existing constituent agency resources to review and coordinate
cost-containment strategies for the procurement of
pharmaceuticals and pharmacy benefits and the pooling of risk

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1 for pharmacy services by the constituent agencies. Pursuant to
2 its review of these strategies and related data, the council
3 shall decide by vote which cost-containment strategies it will
4 recommend. Constituent agencies shall make their own
5 procurement decisions. The secretary of general services shall
6 serve as director of the council and shall be responsible for
7 the coordination of the day-to-day activities of the council.

8 B. The interagency pharmaceuticals purchasing
9 council shall be composed of the following eleven members
10 serving as voting, ex-officio members:

11 (1) the secretary of human services or the
12 secretary's designee;

13 (2) the secretary of health or the secretary's
14 designee;

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

17 (4) the secretary of corrections or the
18 secretary's designee;

19 (5) the director of the risk management
20 division of the general services department or the director's
21 designee;

22 (6) the executive director of the retiree
23 health care authority or the executive director's designee;

24 (7) the executive director of the public
25 school insurance authority or the executive director's

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1 designee;

2 (8) the superintendent of the Albuquerque
3 public school district or the superintendent's designee;

4 (9) the president of the university of New
5 Mexico or the president's designee; and

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

11 C. The interagency pharmaceuticals purchasing
12 council shall convene its first meeting by September 1, 2018 at
13 the call of the secretary of general services. After the
14 initial meeting of the council, the council shall meet at least
15 once quarterly at the call of the secretary of general
16 services. Meetings of the council shall be subject to the Open
17 Meetings Act. In addition to notice provided pursuant to that
18 act, the secretary of general services shall provide written
19 notice of each scheduled meeting of the council to the director
20 of the legislative finance committee at least ten days before
21 each meeting.

22 D. The interagency pharmaceuticals purchasing
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 cost-containment strategies that the council
3 shall examine shall include:

4 (1) the benchmarking of pricing for
5 pharmaceuticals and pharmacy benefits to the pricing that the
6 state's medical assistance plans achieve for pharmaceuticals
7 and pharmacy benefits; provided that the human services
8 department shall seek federal authorization prior to making any
9 changes to medical assistance pharmaceuticals purchasing or
10 pharmacy benefits;

11 (2) active medical management to optimize
12 health outcomes and reduce costs;

13 (3) the establishment of a common formulary
14 for all pharmaceuticals and pharmacy benefits plans offered by
15 constituent agencies;

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

18 (5) common procurement of expert services,
19 including, at minimum, pharmacy benefits management, pharmacy
20 benefits management oversight services, medical direction and
21 actuarial services;

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

24 (7) identifying any opportunities for pooling
25 risk among two or more constituent agencies or populations the

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1 constituent agencies serve;

2 (8) identifying any opportunities for
3 consolidating purchasing with other entities and states of the
4 United States;

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

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

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

22 (12) identifying any other opportunities for
23 maximizing efficiency and a high standard of health care
24 quality.

25 E. The legislative finance committee shall annually

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1 review and validate the council's progress. It shall
2 incorporate this information into its budget and policy
3 analysis and recommendations.

4 F. As used in this section, "constituent agency"
5 means:

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

8 (2) the department of health;

9 (3) the children, youth and families
10 department;

11 (4) the corrections department;

12 (5) the risk management division of the
13 general services department;

14 (6) the retiree health care authority;

15 (7) the public school insurance authority;

16 (8) the publicly funded health care program of
17 the Albuquerque public school district;

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

20 (10) the university of New Mexico hospitals;

21 or

22 (11) any local, county or municipal government
23 that opts to participate in consolidated pharmaceuticals or
24 pharmacy benefit purchasing.