

SENATE BILL 131

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

INTRODUCED BY

Jeff Steinborn and Joanne J. Ferrary

Pursuant to House Rule 24-1, this document incorporates amendments that have been adopted prior to consideration of this measure by the House. It is a tool to show the amendments in context and is not to be used for the purpose of amendments.

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 SFC →; ~~MAKING AN APPROPRIATION.~~ ← SFC

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

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council" is created and is administratively attached to the general services department. The council shall:

(1) review and coordinate cost-containment strategies for the procurement of pharmaceuticals and pharmacy benefits and the pooling of risk for pharmacy services by the constituent agencies;

(2) identify ways to leverage constituent agencies' pharmaceutical and pharmacy benefits procurement to maximize the purchasing power of New Mexico residents purchasing pharmaceuticals or pharmacy benefits in the private sector; and

(3) identify other cost-saving opportunities for New Mexico residents purchasing pharmaceuticals or pharmacy benefits in the private sector.

B. Pursuant to its review of these strategies and related data, the interagency pharmaceuticals purchasing council shall decide by vote which cost-containment strategies it will recommend. Constituent agencies shall make their own procurement decisions. The secretary of general services shall serve as director of the council and shall be responsible for the coordination of the day-to-day activities of the council.

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

(1) the secretary of human services or the

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secretary's designee;

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

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

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

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

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

(7) the executive director of the public school insurance authority or the executive director's designee;

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

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

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

D. The interagency pharmaceuticals purchasing

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council shall convene its first meeting by September 1, 2019 at the call of the secretary of general services. After the initial meeting of the council, it shall meet at least once quarterly at the call of the secretary of general services. Meetings of the council shall be subject to the Open Meetings Act. In addition to notice provided pursuant to that act, the secretary of general services shall provide written notice of each scheduled meeting of the council to the director of the legislative finance committee at least ten days before each meeting.

E. The interagency pharmaceuticals purchasing council shall review and coordinate cost-containment strategies for the procurement of pharmaceuticals and pharmacy benefits and the pooling of risk for pharmacy services by the constituent agencies. The cost-containment strategies that the council shall examine shall include:

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

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

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

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

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

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

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

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

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

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

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

(12) identifying ways to leverage constituent agencies' pharmaceutical and pharmacy benefits procurement to maximize the purchasing power of New Mexico residents purchasing pharmaceuticals and pharmacy benefits in the private sector;

(13) identifying other cost-saving opportunities for New Mexico residents purchasing pharmaceuticals or pharmacy benefits in the private sector; and

(14) identifying any other opportunities for maximizing efficiency and a high standard of health care quality.

F. The legislative finance committee shall annually review and validate the interagency pharmaceuticals purchasing council's progress. The legislative finance committee shall incorporate this information into its budget and policy analysis and recommendations for the council or any of the

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council's implementing constituent agencies.

G. As used in this section, "constituent agency" means:

- (1) the human services department, including any medical assistance program it administers;
 - (2) the department of health;
 - (3) the children, youth and families department;
 - (4) the corrections department;
 - (5) the risk management division of the general services department;
 - (6) the retiree health care authority;
 - (7) the public school insurance authority;
 - (8) the publicly funded health care program of the Albuquerque public school district;
 - (9) the university of New Mexico health benefits program for university employees and retirees;
 - (10) the university of New Mexico hospitals;
- or
- (11) any local, county or municipal government that opts to participate in consolidated pharmaceuticals or pharmacy benefit purchasing.

SFC → ~~SECTION 2. APPROPRIATION. --- Four hundred thousand dollars (\$400,000) is appropriated from the general fund to the general services department for expenditure in fiscal year 2020~~

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~~for staffing the interagency pharmaceuticals purchasing council
and for professional services to evaluate and coordinate cost-
containment strategies. Any unexpended or unencumbered balance
remaining at the end of fiscal year 2020 shall revert to the
general fund.~~ ←SFC