

1                   A bill to be entitled  
2           An act relating to the Agency for Health Care  
3           Administration; amending s. 409.912, F.S.,  
4           relating to cost-effective purchasing of health  
5           care under the Medicaid program; requiring the  
6           agency to implement a Medicaid prescribed drug  
7           spending control program; specifying program  
8           components; providing for implementation to the  
9           extent funds are appropriated; authorizing  
10          contracts; requiring an annual report;  
11          providing an effective date.

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13 Be It Enacted by the Legislature of the State of Florida:

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15           Section 1. Subsection (37) is added to section  
16 409.912, Florida Statutes, to read:

17           409.912 Cost-effective purchasing of health care.--The  
18 agency shall purchase goods and services for Medicaid  
19 recipients in the most cost-effective manner consistent with  
20 the delivery of quality medical care. The agency shall  
21 maximize the use of prepaid per capita and prepaid aggregate  
22 fixed-sum basis services when appropriate and other  
23 alternative service delivery and reimbursement methodologies,  
24 including competitive bidding pursuant to s. 287.057, designed  
25 to facilitate the cost-effective purchase of a case-managed  
26 continuum of care. The agency shall also require providers to  
27 minimize the exposure of recipients to the need for acute  
28 inpatient, custodial, and other institutional care and the  
29 inappropriate or unnecessary use of high-cost services.

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1           (37)(a) The agency shall implement a Medicaid  
2 prescribed drug spending control program that includes the  
3 following components:

4           1. Medicaid prescribed drug coverages for adult  
5 Medicaid beneficiaries not residing in nursing homes or other  
6 institutions shall be limited to four brand name drugs.  
7 Children and institutionalized adults shall be exempt from  
8 this restriction. Antiretroviral agents are excluded from this  
9 limitation. No requirements for prior authorization or other  
10 restrictions on medications used to treat mental illnesses  
11 such as schizophrenia, severe depression, or bipolar disorder  
12 shall be placed on Medicaid recipients. Medications that shall  
13 be available without restriction for persons with mental  
14 illnesses include atypical antipsychotic medications,  
15 conventional antipsychotic medications, selective serotonin  
16 re-uptake inhibitors, and other medications used for the  
17 treatment of serious mental illnesses. The agency shall also  
18 limit prescribed drug supplies to no more than 34-day  
19 supplies. The agency shall continue to provide unlimited  
20 generic drugs, contraceptive drugs and items, and diabetic  
21 supplies. The agency may authorize exceptions to the brand  
22 name drug restriction only when such exceptions are based on  
23 prior consultation provided by the agency or an agency  
24 contractor. In implementing these provisions, the agency shall  
25 establish procedures that meet the following requirements:

26           a. Response to a request for prior authorization by  
27 telephone or other telecommunication device within 24 hours  
28 after a request for prior authorization;

29           b. Provision of a 72-hour supply of the drug  
30 prescribed in an emergency situation or when the agency does  
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1 not provide a response within 24 hours as required by  
2 sub-subparagraph a.; and

3 c. Establishment of a process for expediting a  
4 patient's appeal from a decision to decline coverage for a  
5 medically necessary drug.

6 2. Reimbursement to pharmacies for Medicaid prescribed  
7 drugs shall be set at the average wholesale price minus 14  
8 percent.

9 3. The agency shall develop and implement a process  
10 for managing the drug therapies of Medicaid beneficiaries who  
11 are using significant numbers of prescribed drugs each month.  
12 The management process may include, but is not limited to,  
13 comprehensive, physician-directed medical record reviews,  
14 claims analyses, and case evaluations to determine the medical  
15 necessity and appropriateness of a patient's treatment plan  
16 and drug therapies. The agency may contract with a private  
17 organization to provide drug program management services.

18 4. The agency is authorized to limit the size of its  
19 pharmacy network based on need, competitive bidding, price  
20 negotiations, credentialing, or other criteria. The agency  
21 shall give special consideration to rural areas in determining  
22 the size and location of pharmacies included in the Medicaid  
23 pharmacy network. A pharmacy credentialing process may include  
24 criteria such as a pharmacy's full-service status, location,  
25 size, patient educational programs, patient consultation and  
26 disease management services, and other characteristics. The  
27 agency may impose a moratorium on Medicaid pharmacy enrollment  
28 when it has determined that it has sufficient Medicaid  
29 participating providers.

30 5. The agency shall develop and implement a program  
31 that requires Medicaid practitioners prescribing drugs to use

1 a counterfeit-proof prescription pad for Medicaid  
2 prescriptions. The agency shall require the use of  
3 standardized counterfeit-proof prescription pads to Medicaid  
4 participating prescribers. The agency may implement the  
5 program in targeted geographic areas or statewide.

6 6. Manufacturers of generic drugs prescribed to  
7 Medicaid patients must guarantee the state a rebate of at  
8 least 15.1 percent of the total Medicaid payment for their  
9 generic products. Generic drug manufacturers who pay federal  
10 rebates for Medicaid reimbursed drugs at a level below 15.1  
11 percent must provide a supplemental rebate to the state in an  
12 amount necessary to achieve a 15.1-percent rebate level. If a  
13 generic manufacturer raises its price in excess of the  
14 Consumer Price Index (Urban), the amount in excess shall be  
15 included in the supplemental rebate to the state.

16 (b) The agency shall implement the provisions of this  
17 subsection to the extent funds are appropriated to administer  
18 the Medicaid prescribed drug spending control program. The  
19 agency may contract all or any part of this program to private  
20 organizations.

21 (c) The agency shall submit a report to the Governor,  
22 the Speaker of the House of Representatives, and the President  
23 of the Senate by January 15 of each year. The annual report  
24 shall include, but not be limited to, the progress made in  
25 implementing Medicaid cost containment measures and their  
26 effect on Medicaid prescribed drug expenditures.

27 Section 2. This act shall take effect July 1, 2000.  
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