By Senator Grant

41-1538-00

A bill to be entitled

An act relating to Medicaid prescribed-drug services; amending s. 409.912, F.S.; providing for a Medicaid preferred-drug designation program and drug cost-containment initiatives; prescribing criteria for the designation of preferred drugs; creating a pharmacy and therapeutics committee for the program and prescribing its membership and duties; providing for reimbursement of members for travel and expenses; requiring reports; providing an effective date.

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

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

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

(37)(a) The agency may implement a Medicaid preferred-drug designation program. Prior consultation is required for prescribed drugs without a preferred-drug designation. The Medicaid preferred-drug designation program must be developed and implemented with the advice of the pharmacy and therapeutics committee. The agency may also implement prescribed-drug cost-containment initiatives, including, but not limited to, limits on the number of brand name prescribed drugs available to adult Medicaid recipients on a monthly basis; capitation of the prescribed-drug benefit for nursing home residents or alternative cost-control measures; negotiating and collecting additional supplemental rebates from pharmaceutical manufacturers; and other initiatives to promote the cost-effective purchasing of prescribed drugs, in accordance with the requirements of federal law. Florida Medicaid shall maintain an open formulary consistent with this subsection.

(b) There is created a pharmacy and therapeutics committee to guide the development and maintenance of the Medicaid preferred-drug designation program. The pharmacy and therapeutics committee shall consist of nine members, as required by federal law, each appointed by the Governor or the Governor's designee to serve a 4-year term. Committee members may be reappointed upon the expiration of their terms. The committee shall consist of four physicians licensed to practice medicine in this state, one of whom as experience in managing a preferred prescribed drug designation program; four pharmacists who are licensed in this state; and one consumer representative. There shall be no liability on the part of, and no cause of action of any nature shall arise against, any member of the pharmacy and therapeutics committee for any

action taken by the committee in the performance of its powers and duties under this subsection. The agency shall provide staff support to the pharmacy and therapeutics committee in the performance of its duties.

(c) The duties of the pharmacy and therapeutics committee include, but are not limited to:

1. Initially determining the prescribed drugs that will receive preferred-drug designations for the Medicaid preferred-drug designation program. The criteria the committee may use to recommend the prescribed drugs that will receive preferred-drug designations include, but are not limited to:

a. Preferences among physicians and other health care providers who have traditionally prescribed significant numbers of prescribed drugs to Medicaid patients;

b. Preferences among pharmacists who have traditionally provided significant numbers of prescribed drugs to Medicaid patients;

c. The effectiveness of the prescribed drug;

d. The safety of the prescribed drug;

e. The potential for misuse of the prescribed drug;

f. The essential need for and value of the prescribed drug;

g. Comparisons with other prescribed drugs in the same therapeutic class on the criteria listed in this subsection;

h. The therapeutic advantages, if any, as indicated by review of pharmaceutical manufacturer materials filed with the U.S. Food and Drug Administration, review of other pharmacological studies, review of peer-reviewed literature, periodic surveys of Medicaid patients using the drug, surveys of physicians and other prescribers who serve a significant

number of Medicaid patients, and surveys of pharmacists who serve a significant number of Medicaid patients;

i. The potential effects on other Medicaid-program spending;

j. Existing or proposed discounts from pharmaceutical manufacturers through supplemental rebate agreements or other verifiable cost-reduction proposals; and

k. The willingness of a pharmaceutical manufacturer to participate in and finance Medicaid disease-management initiatives;

2. Reviewing and recommending on an ongoing basis additional prescribed drugs to receive preferred-drug designations under subparagraph 1.;

3. Reviewing and recommending on an ongoing basis the removal of preferred-drug designations made under subparagraph 1.;

4. Reviewing and conducting special prescribed-drug-therapy evaluations to assess the adequacy of Medicaid preferred-drug designations using an appropriate methodology including, but not limited to, pre-designation and post-designation program-outcome measurements with respect to hospital utilization, physician office visits, emergency-room visits, patient and provider satisfaction, quality-of-life indicators, per capita drug utilization and expenditures, total Medicaid-program costs, and indicators of adequate administrative support; and

5. Assisting the agency in developing clinical guidelines, particularly for prescribed-drug therapies.

(d) Members of the pharmacy and therapeutics committee shall serve without compensation; however, the agency shall reimburse committee members for travel and expenses incurred

in the performance of their duties in accordance with s. 112.061.

(e) The agency shall submit an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives by January 15 of each year which includes, but is not limited to, the progress that has been made to control costs in Medicaid prescribed-drug services.

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

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SENATE SUMMARY

Provides for a Medicaid preferred-drug designation program and drug cost-containment initiatives. Prescribes criteria for the designation of preferred drugs. Creates a pharmacy and therapeutics committee and prescribes its membership and duties. Requires annual reports.