By the Committee on General Appropriations and Representative Sanderson

A bill to be entitled

An act relating to the Agency for Health Care Administration; amending s. 409.912, F.S., relating to cost-effective purchasing of health care under the Medicaid program; requiring the agency to implement a Medicaid prescribed drug spending control program; specifying program components; providing for implementation to the extent funds are appropriated; authorizing contracts; requiring an annual report; 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 shall implement a Medicaid prescribed drug spending control program that includes the following components:

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

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

b. Provision of a 72-hour supply of the drug prescribed in an emergency situation or when the agency does

not provide a response within 24 hours as required by sub-subparagraph a.; and

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

2. Reimbursement to pharmacies for Medicaid prescribed drugs shall be set at the average wholesale price minus 15 percent.

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

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

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

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

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

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

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

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

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HOUSE SUMMARY

Requires the Agency for Health Care Administration to implement a Medicaid prescribed drug spending control program. Specifies program components, including coverage restrictions, a pharmacy reimbursement rate, a drug program management process, limitations on the Medicaid pharmacy network, use of counterfeit-proof prescription pads, and a generic drug manufacturers' rebate. Provides for implementation of the program to the extent funds are appropriated. Authorizes the agency to contract for all or any part of the program. Requires an annual report to the Governor and Legislature.