

PHARMACEUTICAL COMPETITIVE PRICING

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Curtis S. Bramble

House Sponsor: _____

LONG TITLE

General Description:

This bill amends the Medical Assistance Act to establish a competitive bidding process for drug product equivalents.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ establishes criteria for the competitive bidding process; and
- ▶ requires the Division of Health Care Financing to rebid the program at least once every five years.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

26-18-2.5, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **26-18-2.5** is enacted to read:

26-18-2.5. Medicaid drugs -- Competitive bidding.



- 28 (1) As used in this section:
29 (a) "Drug product equivalent" means a drug product that is designated as the
30 therapeutic equivalent of another drug product in the Approved Drug Products with
31 Therapeutic Equivalence Evaluations prepared by the Center for Drug Evaluation and Research
32 of the Federal Food and Drug Administration.
33 (b) "Drug product equivalent" includes a generic form of a prescription drug that is
34 available in generic form and has an A rating in the United States Pharmacopeia and Drug
35 Index.
36 (2) The division shall establish a competitive bid process to bid out drug product
37 equivalent program benefits.
38 (3) The division shall use the following criteria to evaluate bids under this section:
39 (a) ability to manage expenses of the drug product equivalents;
40 (b) proven ability to handle medical insurance;
41 (c) efficiency of claim paying procedures;
42 (d) provider contracting, discounts, and adequacy of network; and
43 (e) other criteria established by the division.
44 (4) The department shall request bids for the program's benefits:
45 (a) in 2012; and
46 (b) at least once every five years thereafter.
47 (5) Title 63G, Chapter 6, Utah Procurement Code, shall apply to this section.

Legislative Review Note
as of 2-14-11 10:33 AM

Office of Legislative Research and General Counsel

FISCAL NOTE

S.B. 202

SHORT TITLE: **Pharmaceutical Competitive Pricing**

SPONSOR: **Bramble, C.**

2011 GENERAL SESSION, STATE OF UTAH

STATE GOVERNMENT (UCA 36-12-13(2)(b))

This bill costs the Department of Health \$9,500 one-time General Fund and \$16,000 one-time federal funds in FY 2012 for staff time to prepare and review a competitive bid process. A similar cost would be repeated every five years going forward. The amount of savings or costs for Medicaid pharmacy will be dependent on the results of the competitive bid process.

STATE BUDGET DETAIL TABLE

| | FY 2011 | FY 2012 | FY 2013 |
|-------------------------------------|---------|------------|---------|
| Revenue | \$0 | \$0 | \$0 |
| Expenditure: | | | |
| General Fund, One-Time | \$0 | \$9,500 | \$0 |
| Federal Funds | \$0 | \$16,000 | \$0 |
| Total Expenditure | \$0 | \$25,500 | \$0 |
| Net Impact, All Funds (Rev.-Exp.) | \$0 | (\$25,500) | \$0 |
| Net Impact, General/Education Funds | \$0 | (\$9,500) | \$0 |

LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

Enactment of this bill likely will not result in direct, measurable costs for local governments.

DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Enactment of this bill likely will not result in direct, measurable expenditures by Utah residents or businesses.