

SENATE  
STATE OF MINNESOTA  
NINETIETH SESSION

S.F. No. 3023

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OFFICIAL STATUS  
Introduction and first reading  
Referred to Health and Human Services Finance and Policy

1.1 A bill for an act  
1.2 relating to state government; requiring the commissioner of management and  
1.3 budget to implement a program to obtain discounted prescription drugs through  
1.4 Canadian pharmacies; establishing a Web site for ordering prescription drugs;  
1.5 providing state and local employee health plans, state health care programs, and  
1.6 health plan companies access to discounted prescription drugs; proposing coding  
1.7 for new law in Minnesota Statutes, chapter 151.

1.8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.9 Section 1. 151.75 **PRESCRIPTION DRUG REIMPORTATION PROGRAM.**

1.10 Subdivision 1. Establishment. The commissioner of management and budget shall  
1.11 develop a program to make discounted prescription drugs reimported from Canada available  
1.12 to Minnesotans. The commissioner shall implement the program by July 1, 2019.

1.13 Subd. 2. Price negotiation; contracts. (a) The commissioner of management and budget  
1.14 shall negotiate prescription drug prices with Canadian pharmacies licensed under section  
1.15 151.19, subdivision 1, and shall contract with the pharmacies to make these prices available  
1.16 to eligible entities. The commissioner shall require pharmacies, as a condition of contract,  
1.17 to verify:

1.18 (1) the business location;

1.19 (2) licensure by a Canadian province;

1.20 (3) that licensed pharmacists are filling prescriptions; and

1.21 (4) that prescription drugs being delivered are supplied by the pharmacy.

1.22 (b) The commissioner of management and budget shall exclude from the reimportation  
1.23 program those prescription drugs for which:

2.1 (1) the commissioner has determined that significant savings, relative to prices paid by  
2.2 Minnesota purchasers, cannot be obtained after accounting for administrative and shipping  
2.3 costs;

2.4 (2) the commissioner has quality concerns, including concerns related to preserving drug  
2.5 quality throughout the mail-order delivery process; or

2.6 (3) approval has not been received from the United States Food and Drug Administration.

2.7 (c) In setting the price of a prescription drug for purchase on the program Web site, the  
2.8 commissioner of management and budget may add an assessment sufficient to cover the  
2.9 costs to the agency of administering the program and to pay back the agency for start-up  
2.10 expenses over a six-year period, not to exceed \$..... per prescription. Contracts with  
2.11 Canadian pharmacies must require the pharmacy to pay to the commissioner, on a monthly  
2.12 basis, an amount equal to the total amount of the assessment fees collected by the pharmacy  
2.13 through orders using the program's Web site.

2.14 (d) The commissioner of management and budget may enter into an agreement with a  
2.15 pharmacy benefit manager to negotiate prices and administer contracts with Canadian  
2.16 pharmacies.

2.17 Subd. 3. **Eligible entities.** The following entities are eligible to purchase prescription  
2.18 drugs under the program:

2.19 (1) state and local government employee health care programs established under sections  
2.20 43A.23 and 43A.316;

2.21 (2) state health care programs administered by the commissioner of human services  
2.22 under chapters 256B and 256L; and

2.23 (3) health plan companies as defined under section 62Q.01, subdivision 4.

2.24 Subd. 4. **Web site.** The commissioner of management and budget shall establish a Web  
2.25 site, or modify an existing Web site, to allow eligible entities to purchase prescription drugs  
2.26 from Canadian pharmacies at the price negotiated by the commissioner, plus any assessment  
2.27 for agency administrative costs. The Web site must allow enrollees of eligible entities to  
2.28 have prescription drugs delivered to a participating Minnesota pharmacy.

2.29 Subd. 5. **Participating pharmacies; administrative and counseling fee.** A Minnesota  
2.30 pharmacy may register with the commissioner and the Board of Pharmacy to participate in  
2.31 the program. A participating pharmacy must receive and store prescription drugs delivered  
2.32 by Canadian pharmacies, notify enrollees of the arrival of the prescription drugs, and provide  
2.33 drug counseling at the time a prescription drug is dispensed. A participating pharmacy may

3.1 charge an enrollee a fee not to exceed \$..... per prescription to cover the pharmacy's  
3.2 administrative costs and the cost of providing drug counseling.

3.3 Subd. 6. **State and local government enrollees.** State and local government employee  
3.4 health care programs established under sections 43A.23 and 43A.316 shall give enrollees  
3.5 the option of purchasing prescription drugs through the program's Web site. State and local  
3.6 government employee health care programs shall exempt prescription drugs ordered through  
3.7 the Web site from any applicable enrollee co-payments.

3.8 Subd. 7. **State health care programs.** The medical assistance and MinnesotaCare  
3.9 programs shall give enrollees the option of purchasing prescription drugs through the  
3.10 program's Web site. The commissioner of human services shall exempt prescriptions ordered  
3.11 through the Web site from any applicable enrollee co-payments.

3.12 Subd. 8. **Health plan companies.** (a) A health plan company, as defined under section  
3.13 62Q.01, subdivision 4, must participate in the program for all of the health plans it offers.  
3.14 A health plan company must give enrollees the option of purchasing prescription drugs  
3.15 through the program's Web site but must not require enrollees to participate. The health  
3.16 plan company must pass on all savings resulting from participating in the program to enrollees  
3.17 by reducing or eliminating prescription drug co-payments and shall pass on any remaining  
3.18 savings to purchasers in the form of reduced premiums.

3.19 (b) No co-payment required to be paid by an enrollee for a prescription drug purchased  
3.20 through the program's Web site shall be greater than a co-payment required to be paid by  
3.21 the enrollee under the enrollee's health plan for the same prescription drug not purchased  
3.22 through the program and shall count toward any applicable deductible under the enrollee's  
3.23 health plan.

3.24 Subd. 9. **Multistate agreements.** The commissioner of management and budget may  
3.25 enter into agreements with other states to jointly negotiate prescription drug prices with  
3.26 Canadian pharmacies and jointly administer a multistate prescription drug reimportation  
3.27 program.

3.28 Subd. 10. **MinnesotaCare tax.** Prescription drugs reimported under this section are  
3.29 subject to any tax imposed under section 295.52.

3.30 Subd. 11. **Implementation plan.** The commissioner of management and budget, in  
3.31 consultation with commissioner of human services and the Board of Pharmacy, shall develop  
3.32 an implementation plan for the prescription drug reimportation program, and shall present  
3.33 this plan and any necessary draft legislation to the legislature by December 15, 2018. The  
3.34 implementation plan must:

- 4.1 (1) establish a process to identify the prescription drugs for which the commissioner of  
4.2 management and budget will negotiate prices;
- 4.3 (2) set criteria for determining when price savings are significant;
- 4.4 (3) set the amount of each prescription assessment at a level that covers ongoing program  
4.5 administrative costs and allows the general fund appropriation to be paid back over a six-year  
4.6 period;
- 4.7 (4) propose procedures to ensure the quality of the prescription drugs imported;
- 4.8 (5) evaluate and address any data privacy concerns; and
- 4.9 (6) recommend any program procedures and modifications necessary to effectively  
4.10 implement the program.