

1 SENATE BILL 131

2 **54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019**

3 INTRODUCED BY

4 Jeff Steinborn

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10 AN ACT

11 RELATING TO PROCUREMENT; ESTABLISHING THE INTERAGENCY
12 PHARMACEUTICALS PURCHASING COUNCIL; PROVIDING FOR COORDINATED
13 PROCUREMENT OF PHARMACEUTICALS AND PHARMACEUTICAL BENEFITS
14 AMONG CERTAIN STATE AGENCIES AND OTHER GOVERNMENTAL ENTITIES
15 AND FOR REPORTING; MAKING AN APPROPRIATION.

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17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

18 SECTION 1. [NEW MATERIAL] INTERAGENCY PHARMACEUTICALS
19 PURCHASING COUNCIL--CREATION--MEMBERSHIP--DUTIES.--

20 A. The "interagency pharmaceuticals purchasing
21 council" is created and is administratively attached to the
22 general services department. The council shall:

23 (1) review and coordinate cost-containment
24 strategies for the procurement of pharmaceuticals and pharmacy
25 benefits and the pooling of risk for pharmacy services by the

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1 constituent agencies;

2 (2) identify ways to leverage constituent
3 agencies' pharmaceutical and pharmacy benefits procurement to
4 maximize the purchasing power of New Mexico residents
5 purchasing pharmaceuticals or pharmacy benefits in the private
6 sector; and

7 (3) identify other cost-saving opportunities
8 for New Mexico residents purchasing pharmaceuticals or pharmacy
9 benefits in the private sector.

10 B. Pursuant to its review of these strategies and
11 related data, the interagency pharmaceuticals purchasing
12 council shall decide by vote which cost-containment strategies
13 it will recommend. Constituent agencies shall make their own
14 procurement decisions. The secretary of general services shall
15 serve as director of the council and shall be responsible for
16 the coordination of the day-to-day activities of the council.

17 C. The interagency pharmaceuticals purchasing
18 council shall be composed of the following eleven members
19 serving as voting, ex-officio members:

20 (1) the secretary of human services or the
21 secretary's designee;

22 (2) the secretary of health or the secretary's
23 designee;

24 (3) the secretary of children, youth and
25 families or the secretary's designee;

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1 (4) the secretary of corrections or the
2 secretary's designee;

3 (5) the director of the risk management
4 division of the general services department or the director's
5 designee;

6 (6) the executive director of the retiree
7 health care authority or the executive director's designee;

8 (7) the executive director of the public
9 school insurance authority or the executive director's
10 designee;

11 (8) the superintendent of the Albuquerque
12 public school district or the superintendent's designee;

13 (9) the president of the university of
14 New Mexico or the president's designee; and

15 (10) two members, appointed by the governor,
16 who are officers of, or representative of organizations that
17 represent, county, municipal or local government entities that
18 participate in consolidated purchasing of pharmaceuticals or
19 pharmacy benefits with other constituent agencies.

20 D. The interagency pharmaceuticals purchasing
21 council shall convene its first meeting by September 1, 2019 at
22 the call of the secretary of general services. After the
23 initial meeting of the council, it shall meet at least once
24 quarterly at the call of the secretary of general services.
25 Meetings of the council shall be subject to the Open Meetings

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1 Act. In addition to notice provided pursuant to that act, the
2 secretary of general services shall provide written notice of
3 each scheduled meeting of the council to the director of the
4 legislative finance committee at least ten days before each
5 meeting.

6 E. The interagency pharmaceuticals purchasing
7 council shall review and coordinate cost-containment strategies
8 for the procurement of pharmaceuticals and pharmacy benefits
9 and the pooling of risk for pharmacy services by the
10 constituent agencies. The cost-containment strategies that the
11 council shall examine shall include:

12 (1) the benchmarking of pricing for
13 pharmaceuticals and pharmacy benefits to the pricing that the
14 state's medical assistance plans achieve for pharmaceuticals
15 and pharmacy benefits; provided that the human services
16 department shall seek federal authorization prior to making any
17 changes to medical assistance pharmaceuticals purchasing or
18 pharmacy benefits;

19 (2) active medical management to optimize
20 health outcomes and reduce costs;

21 (3) the establishment of a common formulary
22 for all pharmaceuticals and pharmacy benefits plans offered by
23 constituent agencies;

24 (4) a single purchase agreement for all
25 constituent agencies' pharmaceuticals and pharmacy benefits;

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1 (5) common procurement of expert services,
2 including, at minimum, pharmacy benefits management, pharmacy
3 benefits management oversight services, medical direction and
4 actuarial services;

5 (6) identifying any opportunities to
6 consolidate purchasing among two or more constituent agencies;

7 (7) identifying any opportunities for pooling
8 risk among two or more constituent agencies or populations the
9 constituent agencies serve;

10 (8) identifying any opportunities for
11 consolidating purchasing with other entities and states of the
12 United States;

13 (9) ensuring that all agencies, programs,
14 clinics, hospitals and other health-related centers and
15 entities, including those identified by the human services
16 department pursuant to Paragraph (3) of Subsection A of Section
17 27-2-12.13 NMSA 1978, that are eligible for pharmaceutical
18 discounts pursuant to Section 340B of the federal Public Health
19 Service Act participate in that Section 340B federal
20 pharmaceutical price discount program;

21 (10) identifying any opportunities for
22 maximizing the use of generic pharmaceuticals where safe and
23 cost-effective to do so;

24 (11) negotiating advantageous pricing and
25 incentives with insurers, pharmacy benefits managers,

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1 pharmacies, manufacturers, distributors and vendors of
2 pharmaceuticals and other third-party entities involved in
3 supplying pharmaceuticals, pharmacy benefits and management
4 services to the council's constituent entities;

5 (12) identifying ways to leverage constituent
6 agencies' pharmaceutical and pharmacy benefits procurement to
7 maximize the purchasing power of New Mexico residents
8 purchasing pharmaceuticals and pharmacy benefits in the private
9 sector;

10 (13) identifying other cost-saving
11 opportunities for New Mexico residents purchasing
12 pharmaceuticals or pharmacy benefits in the private sector; and

13 (14) identifying any other opportunities for
14 maximizing efficiency and a high standard of health care
15 quality.

16 F. The legislative finance committee shall annually
17 review and validate the interagency pharmaceuticals purchasing
18 council's progress. The legislative finance committee shall
19 incorporate this information into its budget and policy
20 analysis and recommendations for the council or any of the
21 council's implementing constituent agencies.

22 G. As used in this section, "constituent agency"
23 means:

24 (1) the human services department, including
25 any medical assistance program it administers;

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- 1 (2) the department of health;
2 (3) the children, youth and families
3 department;
4 (4) the corrections department;
5 (5) the risk management division of the
6 general services department;
7 (6) the retiree health care authority;
8 (7) the public school insurance authority;
9 (8) the publicly funded health care program of
10 the Albuquerque public school district;
11 (9) the university of New Mexico health
12 benefits program for university employees and retirees;
13 (10) the university of New Mexico hospitals;
14 or
15 (11) any local, county or municipal government
16 that opts to participate in consolidated pharmaceuticals or
17 pharmacy benefit purchasing.

18 SECTION 2. APPROPRIATION.--Four hundred thousand dollars
19 (\$400,000) is appropriated from the general fund to the general
20 services department for expenditure in fiscal year 2020 for
21 staffing the interagency pharmaceuticals purchasing council and
22 for professional services to evaluate and coordinate cost-
23 containment strategies. Any unexpended or unencumbered balance
24 remaining at the end of fiscal year 2020 shall revert to the
25 general fund.

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