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S T A T E O F R H O D E I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- MEDICAID GENERIC DRUG SAVINGS

Introduced By: Senators Pichardo, Perry, and Goodwin

Date Introduced: March 10, 2011

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND GOVERNMENT" is hereby amended by adding thereto the following chapter:

CHAPTER 14.6

THE RHODE ISLAND MEDICAID GENERIC DRUG COMPETITION AND SAVINGS ACT

42-14.6-1. Short title. – This act shall be known and may be cited as the "Medicaid Generic Drug Competition And Savings Act."

42-14.6-2. Definitions. – As used in this chapter:

(1) "Medicaid" means the Medicaid program, established in title XIX of the social security act, which provides medical benefits to groups of low-income people. In this chapter, "Medicaid" refers to the state Medicaid program managed by the State of Rhode Island.

(2) "Generics" or "generic drugs" means copies of brand name drugs that are no longer protected by patents. Generics are drugs that contain the same active ingredient, are identical in strength, dosage form, and route of administration as the brand name innovator drug and has the same indications, dosing, and labeling and provides the same efficacy and safety profile to patients as the brand name innovator drug.

(3) "Generic manufacturers" means manufacturers, both domestic and international, that manufacture generic drugs and distribute those generics throughout the state through various distribution systems.

(4) “Competitive bidding” means a transparent procurement method in which bids from generic manufacturers are invited by openly advertising the scope, specifications, and terms and conditions of the proposed contract as well as the criteria by which the bids will be evaluated. The objective of competitive bidding is obtaining goods at the lowest prices by stimulating competition, and by preventing favoritism.

42-14.6-3. Findings. – The general assembly hereby finds and declares that:

(1) With every prescription filled with a generic, the consumer receives the same medicine as the brand name, with the same quality and same result, but at a much lower cost.

(2) For more than twenty-five (25) years, America’s generic pharmaceutical industry has been providing the food and drug administration (FDA) approved generic versions of brand name medicines at a savings to consumers of thirty percent (30%) to as much as eight percent (80%).

(3) Millions of Medicaid recipients nationwide are using generics to treat a variety of medical conditions, including infection, heart disease and cancer. Generics are rigorously tested by the FDA and must prove that they are the same medicine with the same active ingredient, strength and dosage as their brand name counterpart. Today, there are thousands of generic drugs available and all are manufactured and inspected under the same strict quality guidelines as a brand.

(4) For most brand name products there are multiple generics available and these generics can vary greatly in prices.

(5) While the state Medicaid program has encouraged the use of generics drugs by Medicaid recipients, it has not taken advantage of the savings that could be generated by taking advantage of the competition among generic manufacturers which vary greatly in their pricing of generic drugs.

42-14.6-4. Competitive bidding. – The Rhode Island department of human services shall require all generic manufacturers whose products are to be provided to Medicaid recipients to engage in a competitive bidding process created by the department of health to ensure that it is providing Medicaid recipients with quality generic products at a competitively bid cost.

SECTION 2. This act shall take effect upon passage.

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

A N A C T

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This act would require manufacturers of generic drugs provided to Medicaid recipients to engage in a competitive bidding process.

This act would take effect upon passage.

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