AN ACT


The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. The act of June 13, 1967 (P.L.31, No.21), known as the Human Services Code, is amended by adding a section to read:

Section 449.1. Use of Pharmacy Benefits Manager by Medical Assistance Managed Care Organization.--(a) The department shall prevent a medical assistance managed care organization from entering into any contract for pharmacy services with a pharmacy benefits manager if:

(1) the pharmacy benefits manager or a corporate affiliate of the pharmacy benefits manager has an ownership interest in a pharmacy providing the pharmacy services; or
(2) the pharmacy providing the pharmacy services has an
ownership interest in the pharmacy benefits manager or a
corporate affiliate of the pharmacy benefits manager.

(b) A pharmacy benefits manager may not require that a
beneficiary use the services of a specific pharmacy for a
specialty drug.

(c) As used in this section, the following words and phrases
shall have the meanings given to them in this subsection:

"Medical assistance managed care organization" means a
Medicaid managed care organization as defined in section 1903(m)
(1)(a) of the Social Security Act (Public Law 74-271, 42 U.S.C.
§ 1396b(m)(1)(A)) that is a party to a Medicaid managed care
contract with the department.

"Pharmacy benefits management" means any of the following:

(1) Procurement of prescription drugs at a negotiated
contracted rate for distribution within this Commonwealth to
covered individuals.

(2) Administration or management of prescription drug
benefits provided by a covered entity for the benefit of covered
individuals.

(3) Administration of pharmacy benefits, including:

   (i) Operating a mail-service pharmacy.

   (ii) Claims processing.

   (iii) Managing a retail pharmacy network management.

   (iv) Paying claims to pharmacies for prescription drugs
dispensed to covered individuals via retail, specialty or mail-
order pharmacy.

   (v) Developing and managing a clinical formulary,
utilization management and quality assurance programs.

   (vi) Rebate contracting and administration.
(vii) Managing a patient compliance, therapeutic intervention and generic substitution program.

(viii) Operating a disease management program.

(ix) Setting pharmacy reimbursement pricing and methodologies, including maximum allowable cost, and determining single or multiple source drugs.

"Pharmacy benefits manager" means a person, business or other entity that performs pharmacy benefits management. The term shall include a wholly owned subsidiary of a medical assistance managed care organization that performs pharmacy benefits management.

Section 2. This act shall take effect in 60 days.