
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 789 Session of
2019

INTRODUCED BY ARGALL, J. WARD, VOGEL, MARTIN AND PHILLIPS-HILL,
JULY 9, 2019

REFERRED TO HEALTH AND HUMAN SERVICES, JULY 9, 2019

AN ACT

1 Amending the act of June 13, 1967 (P.L.31, No.21), entitled "An
2 act to consolidate, editorially revise, and codify the public
3 welfare laws of the Commonwealth," in public assistance,
4 providing for use of pharmacy benefits manager by medical
5 assistance managed care organization.

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

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

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

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

19 (2) the pharmacy providing the pharmacy services has an

1 ownership interest in the pharmacy benefits manager or a
2 corporate affiliate of the pharmacy benefits manager.

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

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

8 "Medical assistance managed care organization" means a
9 Medicaid managed care organization as defined in section 1903(m)
10 (1)(a) of the Social Security Act (Public Law 74-271, 42 U.S.C.
11 § 1396b(m)(1)(A)) that is a party to a Medicaid managed care
12 contract with the department.

13 "Pharmacy benefits management" means any of the following:

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

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

20 (3) Administration of pharmacy benefits, including:

21 (i) Operating a mail-service pharmacy.

22 (ii) Claims processing.

23 (iii) Managing a retail pharmacy network management.

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

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

29 (vi) Rebate contracting and administration.

30 (vii) Managing a patient compliance, therapeutic

1 intervention and generic substitution program.

2 (viii) Operating a disease management program.

3 (ix) Setting pharmacy reimbursement pricing and

4 methodologies, including maximum allowable cost, and determining

5 single or multiple source drugs.

6 "Pharmacy benefits manager" means a person, business or other

7 entity that performs pharmacy benefits management. The term

8 shall include a wholly owned subsidiary of a medical assistance

9 managed care organization that performs pharmacy benefits

10 management.

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