



Senate

General Assembly

File No. 253

January Session, 2003

Substitute Senate Bill No. 17

Senate, April 9, 2003

The Committee on Human Services reported through SEN. HANDLEY of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING STATE PARTICIPATION IN THE NATIONAL LEGISLATIVE ASSOCIATION ON PRESCRIPTION DRUG PRICES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2003*) The state of Connecticut
2 shall be a participating member of the National Legislative Association
3 on Prescription Drug Prices and in conjunction with said association,
4 shall participate in the development of a nonprofit pharmacy benefits
5 manager. On or before September 1, 2003, (1) the president pro
6 tempore of the Senate shall appoint three persons to serve as
7 representatives from the state to the association, one of whom shall be
8 a member of the minority party, and (2) the speaker of the House of
9 Representatives shall appoint three persons to serve as representatives
10 from the state to the association, one of whom shall be a member of the
11 minority party.

12 Sec. 2. (*Effective July 1, 2003*) The sum of thirty thousand dollars is
13 appropriated to the Joint Committee on Legislative Management, from

14 the General Fund, for the fiscal year ending June 30, 2004, for the
 15 purpose of funding the state's share of the operational budget of the
 16 National Legislative Association on Prescription Drug Prices.

This act shall take effect as follows:	
Section 1	July 1, 2003
Sec. 2	July 1, 2003

Statement of Legislative Commissioners:

In section 1, the second and third sentences were combined into one sentence to clarify that the September 1, 2003, deadline for selection of appointments applied to both the president pro tempore of the Senate and the speaker of the House of Representatives.

HS *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Type	FY 04 \$
Legislative Mgmt.	GF - Cost	\$30,000
Legislative Mgmt.	GF - Cost	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires the state to be a participating member of the National Legislative Association on Prescription Drug Prices and the bill appropriates \$30,000 in FY 04 for the state’s share of the operating budget for the association. To the extent that legislators are appointed to serve in the association, the Joint Committee on Legislative Management may incur minimal costs for mileage reimbursement.

OLR Bill Analysis

sSB 17

AN ACT CONCERNING STATE PARTICIPATION IN THE NATIONAL LEGISLATIVE ASSOCIATION ON PRESCRIPTION DRUG PRICES**SUMMARY:**

This bill directs the state to (1) be a participating member of the National Legislative Association on Prescription Drug Prices and (2) work with the association to develop a nonprofit pharmacy benefits manager. By September 1, 2003, the Senate President Pro Tempore and House Speaker must appoint three members each to serve as the state's representatives to the association. One of the three members from each body must be from the minority party.

The bill appropriates \$30,000 in FY 2003-04 to the Legislative Management Committee to pay the state's share of the association's operational budget.

EFFECTIVE DATE: July 1, 2003

BACKGROUND***National Legislative Association on Prescription Drug Prices***

The National Legislative Association on Prescription Drug Prices began in 1999 as a group of New England legislators interested in reducing their states' outlays for prescription drugs. The Northeast group (the six New England states plus New York and Pennsylvania) changed its name in 2002 to reflect growing interest outside the area for creating a drug purchasing pool.

In 2000, the Northeast Association contracted with Health Management Associates, Inc. (HMA) to explore the feasibility of establishing a multi-state pharmacy benefit management-type program. In July 2001, HMA presented a plan to set up a drug purchasing coalition that would combine state employees; Medicaid enrollees; other state drug benefit recipients (e.g., elderly non-Medicaid populations); and private, employer-sponsored health plan

and HMO enrollees in one purchasing pool.

Under the plan, the coalition served as the organizational entity to assist in organizing state activities related to purchasing; rebate negotiations; and pharmacy administrative services such as rebate management, utilization management and review, and therapy guidelines management. Each state would adopt legislation authorizing participation in this umbrella entity, which would essentially take power from traditional pharmacy benefit manager (PBM) firms and place it in the hands of state officials. (Only the Vermont Senate passed such enabling legislation in 2002.)

On January 14, 2003, the now-National Association announced that it was organizing a nonprofit PBM to compete with private firms. Hawaii and the District of Columbia joined the original eight states in the effort. In addition to keeping for the states any rebates drug manufacturers provide the nonprofit PBM to promote their products, the new entity will use medical experts to help determine the most cost-effective and appropriate drugs to offer.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Report

Yea 15 Nay 3