

SENATE: Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: Yes (Conditional)

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

RWH/JA

P.L. 2019, CHAPTER 274, *approved December 19, 2019*
Assembly, No. 3717 (*Fifth Reprint*)

1 AN ACT concerning pharmacy benefits managers ¹and amending¹
2 and supplementing P.L.2015, c.179 ¹[(C.17B:27F-1 et seq.)].¹
3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:
6
7 1. (New section) a. After the date of receipt of a clean claim
8 for payment made by a pharmacy, a pharmacy benefits manager
9 shall not retroactively reduce payment on the claim, either directly
10 or indirectly, through aggregated effective rate ¹, direct or indirect
11 remuneration, quality assurance program,¹ or otherwise, except if
12 the claim is found not to be a clean claim during the course of a
13 routine audit performed pursuant to an agreement between the
14 pharmacy benefits manager and the pharmacy. ¹**[Nothing in this**
15 **section shall be construed to prohibit any retroactive increase in**
16 **payment to a pharmacy pursuant to a written agreement between the**
17 **pharmacy benefits manager and the pharmacy.]** When a pharmacy
18 adjudicates a claim at the point of sale, the reimbursement amount
19 provided to the pharmacy by the pharmacy benefits manager shall
20 constitute a final reimbursement amount.¹ ²Nothing in this section
21 shall be construed to prohibit any retroactive increase in payment to
22 a pharmacy pursuant to a ³**[written agreement]**³ contract between
23 the pharmacy benefits manager, and the pharmacy services
24 administration organization, or a pharmacy.²
25 b. For the purpose of this section, “clean claim” means a claim
26 that has no defect or impropriety, including a lack of any required
27 substantiating documentation, or ²**[particular]** other² circumstance
28 requiring special treatment ², including, but not limited to, those
29 listed in subsection d. of this section,² that prevents timely payment
30 from being made on the claim.
31 ²c. A pharmacy benefit manager shall not recoup funds from a
32 pharmacy in connection with claims for which the pharmacy has
33 already been paid unless the recoupment is:
34 (1) otherwise permitted or required by law;

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AFI committee amendments adopted September 13, 2018.

²Senate SCM committee amendments adopted June 17, 2019.

³Senate floor amendments adopted June 20, 2019.

⁴Assembly floor amendments adopted June 27, 2019.

⁵Assembly amendments adopted in accordance with Governor's recommendations November 18, 2019.

1 (2) the result of an audit, performed pursuant to a contract
2 between the pharmacy benefits manager and the pharmacy; or

3 (3) the result of an audit, performed pursuant to a contract
4 between the pharmacy benefits manager and the designated
5 pharmacy services administrative organization.

6 d. The provisions of this section shall not apply to an
7 investigative audit of pharmacy records when:

8 (1) fraud, waste, abuse or other intentional misconduct is
9 indicated by physical review or review of claims data or statements;
10 or

11 (2) other investigative methods indicate a pharmacy is or has
12 been engaged in criminal wrongdoing, fraud or other intentional or
13 willful misrepresentation.²

14
15 ³2. Section 1 of P.L.2015, c.179 (C.17B:27F-1) is amended to
16 read as follows:

17 1. As used in this act:

18 "Carrier" means an insurance company, health service
19 corporation, hospital service corporation, medical service
20 corporation, or health maintenance organization authorized to issue
21 health benefits plans in this State.

22 "Contracted **【Pharmacy】** pharmacy" means a pharmacy that
23 participates in the network of a pharmacy benefits manager through
24 a contract with:

- 25 a. the pharmacy benefits manager directly;
26 b. a pharmacy services administration organization; or
27 c. a pharmacy group purchasing organization.

28 "Covered person" means a person on whose behalf a carrier or
29 other entity, who is the sponsor of the health benefits plan, is
30 obligated to pay benefits pursuant to a health benefits plan.

31 "Drug" means a drug or device as defined in R.S.24:1-1.

32 "Health benefits plan" means a benefits plan which pays hospital
33 or medical expense benefits for covered services, or prescription
34 drug benefits for covered services, and is delivered or issued for
35 delivery in this State by or through a carrier or any other sponsor
36 ⁴**【**, including, but not limited to, a carrier, self-insured employer, or
37 union⁴**】**. For the purposes of this act, health benefits plan shall not
38 include the following plans, policies or contracts: accident only,
39 credit disability, long-term care, Medicare supplement coverage;
40 **【CHAMPUS】** TRICARE supplement coverage, coverage for
41 Medicare services pursuant to a contract with the United States
42 government, ⁵the State Medicaid program established pursuant to
43 P.L.1968, c.413 (C.30:4D-1 et seq.),⁵ coverage arising out of a
44 worker's compensation or similar law, the State Health Benefits
45 ⁴**【Plan】** Program⁴, the School Employees' Health Benefits ⁴**【Plan】**
46 Program⁴, or a self-insured health benefits plan governed by the
47 provisions of the federal "Employee Retirement Income Security
48 Act of 1974," 29 U.S.C. s.1001 et seq., coverage under a policy of
49 private passenger automobile insurance issued pursuant to

1 P.L.1972, c.70 (C.39:6A-1 et seq.), or hospital confinement
2 indemnity coverage.

3 "Pharmacy" means any place in the State where drugs are
4 dispensed or pharmaceutical care is provided by a licensed
5 pharmacist, but shall not include a medical office under the control
6 of a licensed physician.

7 "Pharmacy benefits manager" means a corporation, business, or
8 other entity, or unit within a corporation, business, or other entity,
9 that administers prescription drug benefits on behalf of a purchaser.

10 "Pharmacy benefits management services" means the provision
11 of any of the following services on behalf of a purchaser: the
12 procurement of prescription drugs at a negotiated rate for
13 dispensation within this State; the processing of prescription drug
14 claims; or the administration of payments related to prescription
15 drug claims.

16 "Prescription" means a prescription as defined in section 5 of
17 P.L.1977, c.240 (C.24:6E-4).

18 "Prescription drug benefits" means the benefits provided for
19 prescription drugs and pharmacy services for covered services
20 under a health benefits plan contract.

21 "Purchaser" means any sponsor of a health benefits plan who
22 enters into an agreement with a pharmacy benefits management
23 company for the provision of pharmacy benefits management
24 services to covered persons.³

25 (cf: P.L.2015, c.179, s.1)

26

27 ³[¹2.] 3.³ Section 2 of P.L.2015, c.179 (C.17B:27F-2) is
28 amended to read as follows:

29 2. Upon execution or renewal of each contract, or at such a
30 time when there is any ²material² change in the term of the contract,
31 a pharmacy benefits manager shall, with respect to contracts
32 between a pharmacy benefits manager and a ²pharmacy services
33 administrative organization, or between a pharmacy benefits
34 manager and a² contracted pharmacy:

35 a. (1) include in the contract the sources utilized to determine
36 multiple source generic drug pricing, ²brand drug pricing, and² the
37 ²[~~outlet~~] wholesaler² in the State of New Jersey where pharmacies
38 may acquire the product ²[and brand effective rate, generic
39 effective rate, and professional fee.]² including, if applicable, the
40 ²brand effective rate, generic effective rate, dispensing fee effective
41 rate,² maximum allowable cost or any ²[~~successive~~] other² pricing
42 formula ²[, or other pricing methodology utilized by the pharmacy
43 benefits manager as a benchmark]² for pharmacy reimbursement
44 ²[of the pharmacy benefits manager]²;

45 (2) update that pricing information every seven calendar days;
46 and

47 (3) establish a reasonable process by which contracted
48 pharmacies have a method to access relevant maximum allowable

1 cost pricing lists, brand effective rate, generic effective rate,
2 ²[professional fee,] ³and dispensing fee effective rate,³ or² any
3 ²[successive] other² pricing formulas ²[and any other pricing
4 methodology utilized by the pharmacy benefits manager as a
5 benchmark]² for pharmacy reimbursement ²[and any successive
6 pricing formulas in a timely manner]²; and

7 b. Maintain a procedure to eliminate drugs from the list of
8 drugs subject to multiple source generic drug pricing ²and brand
9 drug pricing,² or modify maximum allowable cost rates ², brand
10 effective rate, generic effective rate, dispensing fee effective rate or
11 any other applicable pricing formula² in a timely fashion and make
12 that procedure easily accessible to ²the pharmacy services
13 administrative organizations or the² pharmacies¹ ²that they are
14 contractually obligated with to provide that information according
15 to the requirements of this section².

16 (cf: P.L.2015, c.179, s.2)

17

18 ³[¹ 3.] 4.³ Section 4 of P.L.2015, c.179 (C.17B:27F-4) is
19 amended to read as follows:

20 4. All contracts between a pharmacy benefits manager and a
21 ²[contracted] pharmacy services administrative organization, or its
22 contracted pharmacies, and all contracts directly between a pharmacy
23 benefits manager and a² pharmacy shall include a process to appeal,
24 investigate, and resolve disputes regarding ²brand and² multiple
25 source generic drug pricing, ²including, if applicable,² brand
26 effective rate, generic effective rate, ²[professional fees, State
27 Health Benefits Program plans] dispensing fee effective rate,² and
28 any other pricing ²[methodology utilized by the pharmacy benefits
29 manager as a benchmark] formula² for pharmacy reimbursement.
30 The contract provision establishing the process shall include the
31 following:

32 a. The right to appeal shall be limited to 14 calendar days
33 following the initial claim;

34 b. The appeal shall be investigated and resolved by the
35 pharmacy benefits manager through an internal process within 14
36 calendar days of receipt of the appeal by the pharmacy benefits
37 manager;

38 c. A telephone number at which a ²pharmacy services
39 administrative organization, or a pharmacy² may contact the
40 pharmacy benefits manager and speak with an individual who is
41 involved in the appeals process; and

42 d. (1) If the appeal is denied, the pharmacy benefits manager
43 shall²:

44 (a)² provide the reason for the denial **[and]**
45 ²to the pharmacy services administrative organization and its contra
46 cted pharmacies², ²and the pharmacy services administrative

1 organization shall inform its contracted pharmacies of the
2 availability, location and pricing of the appealed drug in the State;

3 (b) provide the reason for the denial directly to a pharmacy, if it
4 contracts directly with a pharmacy benefits manager;

5 (c)² identify the national drug code of a drug product that is
6 available for purchase by [contracted pharmacies] the specific
7 contracted pharmacy appealing the claim in this State from
8 wholesalers registered pursuant to P.L.1961, c.52 (C.24:6B-1 et
9 seq.)²[and the outlet in the State of New Jersey where pharmacies
10 may acquire the product]² at a price which is available to the
11 specific contracted pharmacy appealing the claim and which is
12 equal to or less than the maximum allowable cost or the brand
13 effective rate, generic effective rate²[and professional fee] or other
14 pricing² for the appealed drug as determined by the pharmacy
15 benefits manager;²and

16 (d) provide the name of wholesalers registered under P.L.1961,
17 c.52 (C.24:6B-1 et seq.) from which the appealing pharmacy can
18 obtain the brand or multiple source generic drug at or below the
19 brand effective rate, generic effective rate, dispensing fee effective
20 rate, maximum allowable cost or any other pricing formula for
21 pharmacy reimbursement;²

22 (2) If the appeal is approved, the pharmacy benefits manager
23 shall make the price correction, permit the reporting pharmacy to
24 reverse and rebill the appealed claim, and make the price correction
25 effective for all similarly situated pharmacies from the date of the
26 approved appeal.

27 e. A pharmacy²benefits manager shall not terminate a
28 pharmacy² licensed in the State of New Jersey²[shall be permitted
29 to make product deliveries] solely on the basis that the pharmacy
30 offers and provides store direct delivery² and mail prescriptions to
31 ²[patients without contractual restrictions by a pharmacy benefits
32 manager] an insured as an ancillary service^{2, 1}

33 (cf: P.L.2015, c.179, s.4)

34

35 ³[¹⁴. (New section) A pharmacy benefits manager or third-party
36 payer shall not require pharmacy accreditation standards or
37 recertification requirements to participate in a network which are
38 inconsistent with, more stringent than, or in addition to, the federal and
39 State requirements for²[licensure as]² a pharmacy in this State.¹]³

40

41 ¹⁵. (New section) The Commissioner of Banking and Insurance
42 may review and approve the compensation program of a pharmacy
43 benefits manager with a health benefits plan to ensure that the
44 reimbursement for pharmacist services paid to a pharmacist or
45 pharmacy is fair and reasonable to provide an adequate pharmacy
46 benefits manager network for a health benefits plan.¹

1 ¹6. (New section) P.L.2015, c.179 (C.17B:27F-1 et seq.) shall
 2 apply to all pharmacy benefits managers operating in the State of
 3 New Jersey ²and shall apply to plans offered through the State
 4 Health Benefits Program^{2 3}, except for any agreement by a
 5 pharmacy benefits manager to administer prescription drug benefits
 6 on behalf of the State Health Benefits Plan, the School Employees
 7 Health Benefits Plan, ⁵the State Medicaid program established
 8 pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.),⁵ or a self-insured
 9 health benefits plan governed by the provisions of the federal
 10 "Employee Retirement Income Security Act of 1974," 29 U.S.C.
 11 s.1001 et seq³.¹

12

13 ¹7. (New section) A pharmacy benefits manager that violates any
 14 provision of P.L.2015, c.179 (C.17B:27F-1 et seq.) shall be subject
 15 to²:

16 a.² a ²penalty, after² warning² notice ²and²;

17 b. an² opportunity ²for² to cure the violation within 14 days
 18 following the issuance of the notice;

19 c.² a hearing ², for each day during which the violation
 20 continues,² before the commissioner within 70 days following the
 21 issuance of the notice; and

22 d. if the violation has not been cured pursuant to subsection b.
 23 of this section, a penalty² of not less than \$5,000 or more than
 24 \$10,000 for each violation.¹

25

26 ¹[2.] ¹8.¹ This act shall take effect ²immediately² on the 90th
 27 day next following enactment, except that section 7 of P.L. , c.
 28 (C.) (pending before the Legislature as this bill) shall take effect
 29 following the promulgation of regulations by the Department of
 30 Banking and Insurance implementing that section².

31

32

33

34

35 Prohibits pharmacy benefits managers from making certain
 36 retroactive reductions in claims payments to pharmacies; requires
 37 pharmacy benefits managers to disclose certain product information
 38 to pharmacies.

ASSEMBLY, No. 3717

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MARCH 22, 2018

Sponsored by:

Assemblyman RAJ MUKHERJI

District 33 (Hudson)

Assemblywoman JOANN DOWNEY

District 11 (Monmouth)

Assemblyman ERIC HOUGHTALING

District 11 (Monmouth)

SYNOPSIS

Prohibits pharmacy benefits managers from making certain retroactive reductions in claim payments to pharmacies.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning pharmacy benefits managers and
2 supplementing P.L.2015, c.179 (C.17B:27F-1 et seq.).
3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:
6

7 1. a. After the date of receipt of a clean claim for payment
8 made by a pharmacy, a pharmacy benefits manager shall not
9 retroactively reduce payment on the claim, either directly or
10 indirectly, through aggregated effective rate or otherwise, except if
11 the claim is found not to be a clean claim during the course of a
12 routine audit performed pursuant to an agreement between the
13 pharmacy benefits manager and the pharmacy. Nothing in this
14 section shall be construed to prohibit any retroactive increase in
15 payment to a pharmacy pursuant to a written agreement between the
16 pharmacy benefits manager and the pharmacy.

17 b. For the purposes of this section, “clean claim” means a claim
18 that has no defect or impropriety, including a lack of any required
19 substantiating documentation, or particular circumstance requiring
20 special treatment that prevents timely payment from being made on
21 the claim.
22

23 2. This act shall take effect immediately.
24
25

26 STATEMENT
27

28 This bill prohibits a pharmacy benefits manager from
29 retroactively reducing payment on a properly filed claim for
30 payment by a pharmacy. These retroactive reductions in payment
31 are often, particularly in the case of Medicare Part D, referred to as
32 direct and indirect remuneration (DIR) fees. Since these fees are
33 commonly “clawed back” retroactively, and in many cases months
34 after the claim is made, this process makes it difficult for
35 pharmacies to operate with predictable revenues.

36 Specifically, the bill provides that, after the date of receipt of a
37 clean claim for payment made by a pharmacy, a pharmacy benefits
38 manager shall not retroactively reduce payment on the claim, either
39 directly or indirectly, through aggregated effective rate or
40 otherwise, except if the claim is found not to be clean during the
41 course of a routine audit performed pursuant to an agreement
42 between the pharmacy benefits manager and the pharmacy.
43 Nothing in the bill prohibits any retroactive increase in payment to
44 a pharmacy pursuant to a written agreement between the pharmacy
45 benefits manager and the pharmacy.

46 A “clean claim” is defined as a claim that has no defect or
47 impropriety, including a lack of any required substantiating
48 documentation, or particular circumstance requiring special
49 treatment that prevents timely payment from being made on the
50 claim.

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3717

STATE OF NEW JERSEY

DATED: SEPTEMBER 13, 2018

The Assembly Financial Institutions and Insurance Committee reports favorably Assembly Bill No. 3717 with committee amendments.

This bill, as amended, prohibits a pharmacy benefits manager from retroactively reducing payment on a properly filed claim for payment by a pharmacy. These retroactive reductions in payment are often, particularly in the case of Medicare Part D, referred to as direct and indirect remuneration (DIR) fees. Since these fees are commonly “clawed back” retroactively, and in many cases months after the claim is made, this process makes it difficult for pharmacies to operate with predictable revenues.

Specifically, the bill provides that, after the date of receipt of a clean claim for payment made by a pharmacy, a pharmacy benefits manager shall not retroactively reduce payment on the claim, either directly or indirectly, through aggregated effective rate, direct or indirect remuneration, quality assurance program, or otherwise, except if the claim is found not to be clean during the course of a routine audit performed pursuant to an agreement between the pharmacy benefits manager and the pharmacy.

A “clean claim” is defined as a claim that has no defect or impropriety, including a lack of any required substantiating documentation, or particular circumstance requiring special treatment that prevents timely payment from being made on the claim.

The bill also requires, with respect to execution, renewals, and changes in terms of a contract between a pharmacy benefits manager and a pharmacy, more information to be disclosed to the pharmacy in the contract, and a reasonable process by which contracted pharmacies can access certain pricing information.

The bill also requires all contracts between a pharmacy benefits manager and a contracted pharmacy to include certain factors that are subject to a process to appeal disputes. With respect to appeals that are denied, the bill provides that the pharmacy benefits manager is required to provide certain information relating to the denial.

The bill also provides that a pharmacy licensed in the State of New Jersey shall be permitted to make product deliveries and mail

prescriptions to patients without contractual restrictions by a pharmacy benefits manager.

The bill provides that the Commissioner of Banking and Insurance may review and approve the compensation program of a pharmacy benefits manager with a health benefits plan to ensure that the reimbursement for pharmacist services is fair and reasonable.

The bill applies P.L.2015, c.179 (C.17B:27F-1 et seq.), the law regulating pharmacy benefits managers, to all pharmacy benefits managers operating in the State and to plans offered through the State Health Benefits Program.

Finally, the bill provides that a pharmacy benefits manager that violates any provision of that law shall be subject to a penalty, for each day during which the violation continues, of not less than \$5,000 or more than \$10,000 for each violation.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- require, with respect to execution, renewals, and changes in terms of a contract between a pharmacy benefits manager and a pharmacy, more information to be disclosed to the pharmacy in the contract, and a reasonable process by which contracted pharmacies can access certain pricing information.
- include in all contracts between a pharmacy benefits manager and a contracted pharmacy, certain factors that are subject to a process to appeal disputes. With respect to appeals that are denied, the bill provides that the pharmacy benefits manager is required to provide certain information relating to the denial.
- provide that a pharmacy licensed in the State of New Jersey shall be permitted to make product deliveries and mail prescriptions to patients without contractual restrictions by a pharmacy benefits manager.
- provide that the Commissioner of Banking and Insurance may review and approve the compensation program of a pharmacy benefits manager with a health benefits plan to ensure that the reimbursement for pharmacist services is fair and reasonable.
- apply P.L.2015, c.179 (C.17B:27F-1 et seq.), the law regulating pharmacy benefits manager contracts, to all pharmacy benefits managers operating in the State and to plans offered through the State Health Benefits Program.
- provide that a pharmacy benefits manager that violates any provision of the law regulating pharmacy benefits manager contracts shall be subject to a penalty, for each day during which the violation continues, of not less than \$5,000 or more than \$10,000 for each violation.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3717

STATE OF NEW JERSEY

DATED: MAY 20, 2019

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3717 (1R).

This bill, prohibits a pharmacy benefits manager from retroactively reducing payment on a properly filed claim for payment by a pharmacy. These retroactive reductions in payment are often, particularly in the case of Medicare Part D, referred to as direct and indirect remuneration (DIR) fees. Since these fees are commonly “clawed back” retroactively, and in many cases months after the claim is made, this process makes it difficult for pharmacies to operate with predictable revenues.

Specifically, the bill provides that, after the date of receipt of a clean claim for payment made by a pharmacy, a pharmacy benefits manager shall not retroactively reduce payment on the claim, either directly or indirectly, through aggregated effective rate, direct or indirect remuneration, quality assurance program, or otherwise, except if the claim is found not to be clean during the course of a routine audit performed pursuant to an agreement between the pharmacy benefits manager and the pharmacy.

A “clean claim” is defined as a claim that has no defect or impropriety, including a lack of any required substantiating documentation, or particular circumstance requiring special treatment that prevents timely payment from being made on the claim.

The bill also requires, with respect to execution, renewals, and changes in terms of a contract between a pharmacy benefits manager and a pharmacy, more information to be disclosed to the pharmacy in the contract, and a reasonable process by which contracted pharmacies can access certain pricing information.

The bill also requires all contracts between a pharmacy benefits manager and a contracted pharmacy to include certain factors that are subject to a process to appeal disputes. With respect to appeals that are denied, the bill provides that the pharmacy benefits manager is required to provide certain information relating to the denial.

The bill also provides that a pharmacy licensed in the State of New Jersey shall be permitted to make product deliveries and mail prescriptions to patients without contractual restrictions by a pharmacy benefits manager.

The bill provides that the Commissioner of Banking and Insurance may review and approve the compensation program of a pharmacy benefits manager with a health benefits plan to ensure that the reimbursement for pharmacist services is fair and reasonable.

The bill applies P.L.2015, c.179 (C.17B:27F-1 et seq.), the law regulating pharmacy benefits managers, to all pharmacy benefits managers operating in the State and to plans offered through the State Health Benefits Program.

Finally, the bill provides that a pharmacy benefits manager that violates any provision of that law shall be subject to a penalty, for each day during which the violation continues, of not less than \$5,000 or more than \$10,000 for each violation.

FISCAL IMPACT:

The Office of Legislative Services estimates that the bill will increase state expenditures for prescription drug benefits by an indeterminate amount, and will also increase those costs by indeterminate amounts for local government employers participating in the State Health Benefits program. This conclusion is based on information provided by the Division of Pensions and Benefits that the bill will affect the division's ability to engage in value-based contracting with pharmacy benefits managers, because the bill restricts the ability of pharmacy benefits managers to obtain price concessions that support an incentive-based payment structure with network pharmacies. The bill may also increase State revenue in indeterminate amounts from the potential collection of penalties it imposes on pharmacy benefits managers that violate the bill's provisions.

SENATE COMMERCE COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3717

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 17, 2019

The Senate Commerce Committee reports favorably and with committee amendments Assembly Bill No. 3717 (1R).

This bill, as amended, prohibits a pharmacy benefits manager from retroactively reducing payment on a properly filed claim for payment by a pharmacy. These retroactive reductions in payment are often, particularly in the case of Medicare Part D, referred to as direct and indirect remuneration (DIR) fees. Since these fees are commonly “clawed back” retroactively, and in many cases months after the claim is made, this process makes it difficult for pharmacies to operate with predictable revenues.

Specifically, the bill provides that, after the date of receipt of a clean claim for payment made by a pharmacy, a pharmacy benefits manager may not retroactively reduce payment on the claim, either directly or indirectly, through aggregated effective rate, direct or indirect remuneration, quality assurance program, or otherwise, except if the claim is found not to be a clean claim during the course of a routine audit performed pursuant to an agreement between the pharmacy benefits manager and the pharmacy. Under the bill, when a pharmacy adjudicates a claim at the point of sale, the reimbursement amount provided to the pharmacy by the pharmacy benefits manager constitutes a final reimbursement amount. The bill is not to be construed to prohibit any retroactive increase in payment to a pharmacy pursuant to a written agreement contract between the pharmacy benefits manager, and the pharmacy services administration organization, or a pharmacy.

Pursuant to the bill, “clean claim” means a claim that has no defect or impropriety, including a lack of any required substantiating documentation, or other circumstance requiring special treatment.

This bill provides that a pharmacy benefits manager may not recoup funds from a pharmacy in connection with claims for which the pharmacy has already been paid unless the recoupment is:

- (1) otherwise permitted or required by law;

(2) the result of an audit, performed pursuant to a contract between the pharmacy benefits manager and the pharmacy; or

(3) the result of an audit, performed pursuant to a contract between the pharmacy benefits manager and the designated pharmacy services administrative organization.

The provisions of the bill not apply to an investigative audit of pharmacy records when:

(1) fraud, waste, abuse or other intentional misconduct is indicated by physical review or review of claims data or statements; or

(2) other investigative methods indicate a pharmacy is or has been engaged in criminal wrongdoing, fraud or other intentional or willful misrepresentation.

The bill also requires, with respect to execution, renewals, and changes in terms of a contract between a pharmacy benefits manager and a pharmacy, more information to be disclosed to the pharmacy in the contract, and a reasonable process by which contracted pharmacies can access certain pricing information.

The bill also requires all contracts between a pharmacy benefits manager and a contracted pharmacy to include certain factors that are subject to a process to appeal disputes. With respect to appeals that are denied, the bill provides that the pharmacy benefits manager is required to provide certain information relating to the denial.

The bill provides that a pharmacy benefits manager may not terminate a pharmacy licensed in the State of New Jersey solely on the basis that the pharmacy offers and provides store direct delivery and mail prescriptions to an insured as an ancillary service.

The bill prohibits a pharmacy benefits manager or third-party payer from requiring pharmacy accreditation standards or recertification requirements to participate in a network which are inconsistent with, more stringent than, or in addition to, the federal and State requirements for a pharmacy in this State.

The bill provides that the Commissioner of Banking and Insurance may review and approve the compensation program of a pharmacy benefits manager with a health benefits plan to ensure that the reimbursement for pharmacist services paid to a pharmacist or pharmacy is fair and reasonable to provide an adequate pharmacy benefits manager network for a health benefits plan.

The bill applies P.L.2015, c.179 (C.17B:27F-1 et seq.), the law regulating pharmacy benefits managers, to all pharmacy benefits managers operating in the State and to plans offered through the State Health Benefits Program.

Finally, the bill provides that a pharmacy benefits manager that violates any provision of that law shall be subject to:

(1) a warning notice;

(2) an opportunity to cure the violation within 14 days following the issuance of the notice;

(3) a hearing before the commissioner within 70 days following the issuance of the notice; and

(4) if the violation has not been cured, a penalty of not less than \$5,000 or more than \$10,000 for each violation.

As amended and released by the committee, this bill is the same as the Senate Committee Substitute for Senate Bill No.728, which was adopted by the committee at today's meeting.

Committee Amendments:

The committee amendments provide:

1) The bill does not prohibit any retroactive increase in payment to a pharmacy pursuant to a written agreement contract between the pharmacy benefits manager, and the pharmacy services administration organization, or a pharmacy.

2) A pharmacy benefits manager may not recoup funds from a pharmacy in connection with claims for which the pharmacy has already been paid unless the recoupment is:

(1) otherwise permitted or required by law;

(2) the result of an audit, performed pursuant to a contract between the pharmacy benefits manager and the pharmacy; or

(3) the result of an audit, performed pursuant to a contract between the pharmacy benefits manager and the designated pharmacy services administrative organization.

3) The provisions of the bill do not apply to an investigative audit of pharmacy records when fraud, waste, abuse or other intentional misconduct is indicated by physical review or review of claims data or statements; or other investigative methods indicate a pharmacy is or has been engaged in criminal wrongdoing, fraud or other intentional or willful misrepresentation.

4) The provisions of bill pertaining to pharmacy benefits manager contracts apply at execution or renewal of a contract, or when there has been a material change in the contract. These provisions also apply to contracts with pharmacy services administrative organizations.

5) A pharmacy benefits manager contract must include in the contract the sources utilized to determine multiple source generic drug pricing, brand drug pricing, and the wholesaler in the State of New Jersey where pharmacies may acquire the product, including, if applicable, the brand effective rate, generic effective rate, dispensing fee effective rate, maximum allowable cost or any other pricing formula for pharmacy reimbursement.

6) A pharmacy benefits manager contract must establish a reasonable process by which contracted pharmacies have a method to access relevant maximum allowable cost pricing lists, brand effective rate, generic effective rate, any other pricing formulas for pharmacy reimbursement.

7) A pharmacy benefits manager contract must maintain a procedure to eliminate drugs from the list of drugs subject to multiple source generic drug pricing and brand drug pricing, or modify maximum allowable cost rates, brand effective rate, generic effective rate, dispensing fee effective rate or any other applicable pricing formula in a timely fashion and make that procedure easily accessible to the pharmacy services administrative organizations or the pharmacies that they are contractually obligated with to provide that information.

8) All contracts between a pharmacy benefits manager and a pharmacy services administrative organization, or its contracted pharmacies, and all contracts directly between a pharmacy benefits manager and a pharmacy must include a process to appeal, investigate, and resolve disputes regarding brand and multiple source generic drug pricing, including, if applicable, brand effective rate, generic effective rate, dispensing fee effective rate, and any other pricing formula for pharmacy reimbursement.

9) If an appeal from a pharmacy benefits manager decision is denied, the pharmacy benefits manager must:

(a) provide the reason for the denial to the pharmacy services administrative organization and its contracted pharmacies, and the pharmacy services administrative organization must inform its contracted pharmacies of the availability, location and pricing of the appealed drug in the State;

(b) provide the reason for the denial directly to a pharmacy, if it contracts directly with a pharmacy benefits manager;

(c) identify the national drug code of a drug product that is available for purchase by the specific contracted pharmacy appealing the claim in this State from wholesalers at a price which is available to the specific contracted pharmacy appealing the claim; and

(d) provide the name of wholesalers from which the appealing pharmacy can obtain the brand or multiple source generic drug at or below the brand effective rate, generic effective rate, dispensing fee effective rate, maximum allowable cost or any other pricing formula for pharmacy reimbursement.

10) If the appeal is approved, the pharmacy benefits manager must make the price correction, permit the reporting pharmacy to reverse and rebill the appealed claim, and make the price correction effective for all similarly situated pharmacies from the date of the approved appeal.

11) A pharmacy benefits manager may not terminate a pharmacy licensed in the State of New Jersey solely on the basis that the pharmacy offers and provides store direct delivery and mail prescriptions to an insured as an ancillary service.

12) A pharmacy benefits manager or third-party payer may not require pharmacy accreditation standards or recertification requirements to participate in a network which are inconsistent with,

more stringent than, or in addition to, the federal and State requirements for a pharmacy in this State.

13) A pharmacy benefits manager that violates any provision of P.L.2015, c.179 (C.17B:27F-1 et seq.) is subject to: a warning notice; an opportunity to cure the violation within 14 days following the issuance of the notice; a hearing before the commissioner within 70 days following the issuance of the notice; and if the violation has not been cured, a penalty of not less than \$5,000 or more than \$10,000 for each violation.

STATEMENT TO
[Third Reprint]
ASSEMBLY, No. 3717

with Assembly Floor Amendments
(Proposed by Assemblyman MUKHERJI)

ADOPTED: JUNE 27, 2019

These amendments clarify that the provisions of the bill and P.L.2015, c.179 (C.17B:27F-1 et seq.), concerning pharmacy benefits managers, do not apply to certain self-insured employers and unions. The amendments also make a technical correction to the bill.

STATEMENT TO
[Second Reprint]
ASSEMBLY, No. 3717

with Senate Floor Amendments
(Proposed by Senator GOPAL)

ADOPTED: JUNE 20, 2019

These amendments provide that P.L.2015, c.179 (C.17B:27F-1 et seq.) does not apply to any agreement by a pharmacy benefits manager to administer prescription drug benefits on behalf of the State Health Benefits Plan, the School Employees Health Benefits Plan, or a self-insured health benefits plan governed by the provisions of the federal "Employee Retirement Income Security Act of 1974," 29 U.S.C. s.1001 et seq.

The amendments delete a provision of the bill that provides that pharmacy benefits managers and third-party payers may not require pharmacy accreditation standards or recertification requirements to participate in a network which are inconsistent with federal and State requirements.

The amendments also make technical corrections to the bill.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3717

STATE OF NEW JERSEY 218th LEGISLATURE

DATED: MAY 28, 2019

SUMMARY

- Synopsis:** Prohibits pharmacy benefits managers from making certain retroactive reductions in claims payments to pharmacies; requires pharmacy benefits managers to disclose certain product information to pharmacies.
- Type of Impact:** State and local government expenditure increase; State revenue increase.
- Agencies Affected:** Division of Pensions and Benefits, Department of the Treasury; local government entities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost		Indeterminate increase	
State Revenue		Indeterminate increase	
Local Cost		Indeterminate increase	

- The Office of Legislative Services (OLS) estimates that the bill could increase State and local prescription drug benefit costs by indeterminate amounts. This conclusion is based on information provided by the Division of Pensions and Benefits, Department of the Treasury, that by prohibiting retroactive drug payment reductions by a pharmacy benefit manager (PBM) to pharmacies under contractual drug pricing provisions such as direct or indirect remuneration and quality assurance programs, the bill will restrict a pharmacy benefit manager's ability negotiate price concessions from its network pharmacies. This restriction thus erodes the ability of a pharmacy benefit manager (PBM) to establish and maintain an incentive-based payment structure with its pharmacy network that results in lower prescription drug costs. The division did not offer any quantification of the bill's impact on the State Health Benefits program.
- The bill's prohibits on pharmacy benefit managers' or third-party payers' requiring pharmacy accreditation standards that are more stringent than, or in addition to, federal and State licensure requirements may also inhibit the achievement of prescription drug cost reductions. According to the division, additional accreditation standards are necessary to ensure the safe

dispensation of specialty drugs; absent these standards, higher costs may result from inefficiency in shipping, storage, dispensation, or disposal.

- State revenue may increase by indeterminate amounts through the bill's imposition of a financial penalty of at least \$5,000 and no more than \$10,000 a day for each violation of the law by pharmacy benefit managers.

BILL DESCRIPTION

This bill prohibits a pharmacy benefits manager from retroactively reducing payment on a properly filed claim for payment by a pharmacy. These retroactive reductions in payment are often, particularly in the case of Medicare Part D, referred to as direct and indirect remuneration (DIR) fees. Since these fees are commonly “clawed back” retroactively, and in many cases months after the claim is made, this process makes it difficult for pharmacies to operate with predictable revenues.

Specifically, the bill provides that, after the date of receipt of a clean claim for payment made by a pharmacy, a pharmacy benefits manager shall not retroactively reduce payment on the claim, either directly or indirectly, through aggregated effective rate, direct or indirect remuneration, quality assurance program, or otherwise, except if the claim is found not to be clean during the course of a routine audit performed pursuant to an agreement between the pharmacy benefits manager and the pharmacy.

A “clean claim” is defined as a claim that has no defect or impropriety, including a lack of any required substantiating documentation, or particular circumstance requiring special treatment that prevents timely payment from being made on the claim.

The bill also requires, with respect to execution, renewals, and changes in terms of a contract between a pharmacy benefits manager and a pharmacy, more information to be disclosed to the pharmacy in the contract, and a reasonable process by which contracted pharmacies can access certain pricing information.

The bill also requires all contracts between a pharmacy benefits manager and a contracted pharmacy to include certain factors that are subject to a process to appeal disputes. With respect to appeals that are denied, the bill provides that the pharmacy benefits manager is required to provide certain information relating to the denial.

The bill also provides that a pharmacy licensed in the State of New Jersey shall be permitted to make product deliveries and mail prescriptions to patients without contractual restrictions by a pharmacy benefits manager.

The bill prohibits a pharmacy benefit manager or third-party payer from requiring accreditation standards that are more stringent than, or in addition to, the federal and State requirements for licensure as a pharmacy in this State.

The bill provides that the Commissioner of Banking and Insurance may review and approve the compensation program of a pharmacy benefits manager with a health benefits plan to ensure that the reimbursement for pharmacist services is fair and reasonable.

The bill applies P.L.2015, c.179 (C.17B:27F-1 et seq.), the law regulating pharmacy benefits managers, to all pharmacy benefits managers operating in the State and to plans offered through the State Health Benefits Program.

Finally, the bill provides that a pharmacy benefits manager that violates any provision of that law shall be subject to a penalty, for each day during which the violation continues, of not less than \$5,000 or more than \$10,000 for each violation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill could increase State and local prescription drug benefit costs by indeterminate amounts. This conclusion is based in part upon the following information, provided in response to a discussion point in the FY 2020 OLS Interdepartmental Accounts budget analysis, the Division of Pensions and Benefits:

The current pharmacy Direct or Indirect Remuneration (DIR) price concessions are used to support the incentive based payments to network pharmacies based on quality programs ranging from drug adherence, high cost specialty drug adherence, and overall member satisfaction based on National Provider Score (NPS) scores. These programs provide necessary focus on quality metrics that help improve the overall health of members and reduce the cost of care across the care continuum. PBMs negotiate DIR with pharmacies to reflect how they performed on contractually agreed-upon measures such as generic substitution rates, adherence rates, etc. Provisions to require unwaivable terms and conditions taken together with the restrictive DIR approach would end PBM's abilities to negotiate pay for performance based on individual pharmacy capabilities. This would impede efforts to improve quality of care and services.

The division also indicates through informal communications with OLS that the current pharmacy accreditation standards under its PBM contract provide more stringent requirements for a pharmacy to administer specialty drugs. Additional accreditations are necessary for the safe dispensation of specialty drugs that may require a higher level of operational support and facility capability in terms of shipping, storage, dispensation, and disposal. Unlike generics, specialty drugs, especially some oncological prescriptions, can cost hundreds of thousands of dollars and require special operational procedures. Additional accreditations standards are also necessary from a financial perspective to ensure pharmacy adherence to safe and cost effective prescription drug dispensation.

The bill imposes a financial penalty of at least \$5,000 and no more than \$10,000 a day for each violation of the law regarding pharmacy benefit managers, N.J.S.A. (C.17B:27F-1 et seq.). Imposition of these penalties would result in increased State revenues of indeterminate amount.

Section: State Government

Analyst: Kimberly M. Clemmensen
Lead Fiscal Analyst

Approved: Frank W. Haines III
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 728

STATE OF NEW JERSEY 218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:

Senator LINDA R. GREENSTEIN

District 14 (Mercer and Middlesex)

Senator VIN GOPAL

District 11 (Monmouth)

Co-Sponsored by:

Senators Andrzejczak, Sacco and Stack

SYNOPSIS

Prohibits pharmacy benefits managers from making certain retroactive reductions in claim payments to pharmacies.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 6/11/2019)

1 AN ACT concerning pharmacy benefits managers and
2 supplementing P.L.2015, c.179 (C.17B:27F-1 et seq.).
3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:
6

7 1. a. After the date of receipt of a clean claim for payment
8 made by a pharmacy, a pharmacy benefits manager shall not
9 retroactively reduce payment on the claim, either directly or
10 indirectly, through aggregated effective rate or otherwise, except if
11 the claim is found not to be a clean claim during the course of a
12 routine audit performed pursuant to an agreement between the
13 pharmacy benefits manager and the pharmacy. Nothing in this
14 section shall be construed to prohibit any retroactive increase in
15 payment to a pharmacy pursuant to a written agreement between the
16 pharmacy benefits manager and the pharmacy.

17 b. For the purposes of this section, “clean claim” means a claim
18 that has no defect or impropriety, including a lack of any required
19 substantiating documentation, or particular circumstance requiring
20 special treatment that prevents timely payment from being made on
21 the claim.
22

23 2. This act shall take effect immediately.
24
25

26 STATEMENT
27

28 This bill prohibits a pharmacy benefits manager from
29 retroactively reducing payment on a properly filed claim for
30 payment by a pharmacy. These retroactive reductions in payment
31 are often, particularly in the case of Medicare Part D, referred to as
32 direct and indirect remuneration (DIR) fees. Since these fees are
33 commonly “clawed back” retroactively, and in many cases months
34 after the claim is made, this process makes it difficult for
35 pharmacies to operate with predictable revenues.

36 Specifically, the bill provides that, after the date of receipt of a
37 clean claim for payment made by a pharmacy, a pharmacy benefits
38 manager shall not retroactively reduce payment on the claim, either
39 directly or indirectly, through aggregated effective rate or
40 otherwise, except if the claim is found not to be clean during the
41 course of a routine audit performed pursuant to an agreement
42 between the pharmacy benefits manager and the pharmacy.
43 Nothing in the bill prohibits any retroactive increase in payment to
44 a pharmacy pursuant to a written agreement between the pharmacy
45 benefits manager and the pharmacy.

46 A “clean claim” is defined as a claim that has no defect or
47 impropriety, including a lack of any required substantiating
48 documentation, or particular circumstance requiring special
49 treatment that prevents timely payment from being made on the
50 claim.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR SENATE, No. 728

STATE OF NEW JERSEY

DATED: JUNE 17, 2019

The Senate Commerce Committee reports favorably a Senate Committee Substitute for Senate Bill No. 728.

This substitute bill prohibits a pharmacy benefits manager from retroactively reducing payment on a properly filed claim for payment by a pharmacy. These retroactive reductions in payment are often, particularly in the case of Medicare Part D, referred to as direct and indirect remuneration (DIR) fees. Since these fees are commonly “clawed back” retroactively, and in many cases months after the claim is made, this process makes it difficult for pharmacies to operate with predictable revenues.

Specifically, the bill provides that, after the date of receipt of a clean claim for payment made by a pharmacy, a pharmacy benefits manager may not retroactively reduce payment on the claim, either directly or indirectly, through aggregated effective rate, direct or indirect remuneration, quality assurance program, or otherwise, except if the claim is found not to be a clean claim during the course of a routine audit performed pursuant to an agreement between the pharmacy benefits manager and the pharmacy. Under the bill, when a pharmacy adjudicates a claim at the point of sale, the reimbursement amount provided to the pharmacy by the pharmacy benefits manager constitutes a final reimbursement amount. The bill is not to be construed to prohibit any retroactive increase in payment to a pharmacy pursuant to a written agreement contract between the pharmacy benefits manager, and the pharmacy services administration organization, or a pharmacy.

Pursuant to the bill, “clean claim” means a claim that has no defect or impropriety, including a lack of any required substantiating documentation, or other circumstance requiring special treatment.

This bill provides that a pharmacy benefits manager may not recoup funds from a pharmacy in connection with claims for which the pharmacy has already been paid unless the recoupment is:

- (1) otherwise permitted or required by law;
- (2) the result of an audit, performed pursuant to a contract between the pharmacy benefits manager and the pharmacy; or

(3) the result of an audit, performed pursuant to a contract between the pharmacy benefits manager and the designated pharmacy services administrative organization.

The provisions of the bill not apply to an investigative audit of pharmacy records when:

(1) fraud, waste, abuse or other intentional misconduct is indicated by physical review or review of claims data or statements; or

(2) other investigative methods indicate a pharmacy is or has been engaged in criminal wrongdoing, fraud or other intentional or willful misrepresentation.

The bill also requires, with respect to execution, renewals, and changes in terms of a contract between a pharmacy benefits manager and a pharmacy, more information to be disclosed to the pharmacy in the contract, and a reasonable process by which contracted pharmacies can access certain pricing information.

The bill also requires all contracts between a pharmacy benefits manager and a contracted pharmacy to include certain factors that are subject to a process to appeal disputes. With respect to appeals that are denied, the bill provides that the pharmacy benefits manager is required to provide certain information relating to the denial.

The bill provides that a pharmacy benefits manager may not terminate a pharmacy licensed in the State of New Jersey solely on the basis that the pharmacy offers and provides store direct delivery and mail prescriptions to an insured as an ancillary service.

The bill prohibits a pharmacy benefits manager or third-party payer from requiring pharmacy accreditation standards or recertification requirements to participate in a network which are inconsistent with, more stringent than, or in addition to, the federal and State requirements for a pharmacy in this State.

The bill provides that the Commissioner of Banking and Insurance may review and approve the compensation program of a pharmacy benefits manager with a health benefits plan to ensure that the reimbursement for pharmacist services paid to a pharmacist or pharmacy is fair and reasonable to provide an adequate pharmacy benefits manager network for a health benefits plan.

The bill applies P.L.2015, c.179 (C.17B:27F-1 et seq.), the law regulating pharmacy benefits managers, to all pharmacy benefits managers operating in the State and to plans offered through the State Health Benefits Program.

Finally, the bill provides that a pharmacy benefits manager that violates any provision of that law shall be subject to:

(1) a warning notice;

(2) an opportunity to cure the violation within 14 days following the issuance of the notice;

(3) a hearing before the commissioner within 70 days following the issuance of the notice; and

(4) if the violation has not been cured, a penalty of not less than \$5,000 or more than \$10,000 for each violation.

This Senate Committee Substitute is identical to Assembly Bill No.3717 (2R).

This bill was pre-filed for introduction in the 2018-2019 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

ASSEMBLY BILL NO. 3717
(Fourth Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 3717 (Fourth Reprint) with my recommendations for reconsideration.

Assembly Bill No. 3717 (Fourth Reprint) addresses a problem faced by some small and independent retail pharmacies in the State. The intent of the bill is to assist pharmacies when pharmacy benefits managers ("PBMs") make retroactive reductions in claims payments. This bill can help pharmacies address some payment uncertainties by limiting the ability of PBMs to retroactively reduce payments on clean claims submitted by pharmacies and providing pharmacies an itemized list of costs.

However, it is important to balance these issues with the need to lower prescription drug costs both for individuals and State financial resources, which the sponsors have done by excluding the State Health Benefits Plan from this legislation. Therefore, I am recommending amendments to the bill to exclude the State Medicaid Program to ensure that adequate funding is available for the efficient operation of the State Medicaid Program during the current fiscal year.

Therefore, I herewith return Assembly Bill No. 3717 (Fourth Reprint) and recommend that it be amended as follows:

Page 3, Section 2, Line 35:

After "government," insert "the State Medicaid program established pursuant to P.L.1968, c. 413 (C.30:4D-1 et seq.),"

Page 6, Section 6, Line 44:

After "Plan," insert "the State Medicaid program established pursuant to P.L.1968, c. 413 (C.30:4D-1 et seq.),"

Respectfully,

[seal]

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor

August 23, 2019

**ASSEMBLY BILL NO. 3717
(Fourth Reprint)**

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Respectfully,

[seal]

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor

Governor Murphy Takes Action on Legislation

12/19/2019

TRENTON - Today, Governor Phil Murphy signed the following bills into law:

A1220 w/GR (McKeon, Vainieri Huttle, Jasey, Mukherji/Bateman, Vitale) - "Drama Therapists and Dance/Movement Therapists Licensing Act."

A3717 w/GR (Mukherji, Downey, Houghtaling/Greenstein, Gopal) - Prohibits pharmacy benefits managers from making certain retroactive reductions in claims payments to pharmacies; requires pharmacy benefits managers to disclose certain product information to pharmacies.

A5098 w/GR (Pintor Marin, Chaparro, Jimenez/Ruiz, Codey) - Establishes \$18 hourly Medicaid reimbursement rate for personal care services