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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2007

A N A C T

RELATING TO INSURANCE - THE RHODE ISLAND BEST RX PROGRAM

Introduced By: Senators Moura, Perry, Paiva-Weed, and Maselli

Date Introduced: February 15, 2007

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The title of Chapter 66.2.1 of the General Laws entitled "PRESCRIPTION
2 DRUG DISCOUNT PROGRAM FOR THE UNINSURED" is hereby amended to read as
3 follows: [RHODE ISLAND BEST RX PRESCRIPTION DRUG DISCOUNT PROGRAM FOR](#)
4 [THE UNINSURED](#)

5 SECTION 2. Sections 42-66.2.1-1, 42-66.2.1-2, 42-66.2.1-3 and 42-66.2.1-5 of the
6 General Laws in Chapter 42-66.2.1 entitled "Prescription Drug Discount Program for the
7 Uninsured" are hereby amended to read as follows:

8 **42-66.2.1-1. Short title.** -- This act shall be called the "[Rhode Island Best Rx](#)
9 ~~Prescription Drug Discount Program for the Uninsured.~~"

10 **42-66.2.1-2. Discount drug program.** -- The departments of human services and elderly
11 affairs shall develop a prescription drug discount program for the uninsured to be implemented on
12 or before March 15, 2005, and the department of elderly affairs shall issue a request for proposal
13 to entities for the management of the discount program. [Once the bid has been awarded to a](#)
14 [contractor, the contract may be modified as necessary and appropriate to achieve the purpose of](#)
15 [the program at any time, with the agreement of all parties.](#)

16 **42-66.2.1-3. Program eligibility.** -- (a) ~~Persons who are residents of this state between~~
17 ~~nineteen (19) and sixty five (65) years of age and have an annual family income at or below two~~
18 ~~hundred percent (200%) of the federal poverty level, and are uninsured for prescription drugs~~
19 ~~shall be eligible for the prescription drug discount program offered under the provisions of this~~

1 ~~chapter.~~ Persons who are residents of this state and:

2 (i) are over the age of sixty (60) and are ineligible for Medicare Part D; or

3 (ii) receive social Security Disability Insurance benefits; or

4 (iii) subject to subsection (b), are uninsured for prescription drugs and have an annual
5 family income at or below three hundred percent (300%) of the federal poverty level, shall be
6 eligible for the prescription drug discount program offered under the provisions of this chapter.

7 (b) Persons eligible shall not include an individual who is eligible, or has been eligible
8 for the four (4) months prior to the application for the drug discount program offered under the
9 provisions of this chapter, for outpatient prescription drug coverage under a health benefits
10 program, other than a worker's compensation program, paid for in whole or in part by an
11 employer, Medicaid, Medicare, or another state or federal health plan or pharmaceutical
12 assistance program that uses state or federal funds to pay part or all of the individual's
13 prescription drug costs. This provision shall not apply to individuals who become uninsured due
14 to a layoff or sponsored health plan bankruptcy.

15 (c) An individual or a household member acting on behalf of an individual may establish
16 eligibility by self-certification of the criteria established in subsections (a) and (b), and
17 prospective enrollees shall be informed of the penalties for making false statements on a
18 government application. The contractor shall facilitate distribution of information needed to
19 make self-certification application and may provide for enrollment using telephone, Internet and
20 such other means as are likely to reach prospective enrollees, including use of volunteers and
21 community based outreach.

22 **42-66.2.1-5. Reporting requirements.** -- The departments of human services and elderly
23 affairs shall ~~issue a report on April 15, 2005 to the joint legislative committee on health care~~
24 ~~oversight on the status of the prescription drug discount program design and implementation.~~
25 regularly publish information on the number of enrollees, and the number of prescriptions filled
26 under the program, and ensure timely availability to the public of the drug prices payable by
27 enrollees and the percentage savings off the usual and customary charge reflected by such prices.

28 SECTION 3. Chapter 42-66.2.1 entitled "Prescription Drug Discount Program for the
29 Uninsured" is hereby amended by adding thereto the following sections:

30 **42-66.2.1-4. 1 Annual enrollment fee Discount agreements.** – (a) The contractor shall
31 be authorized to negotiate and enter into agreements with manufacturers and pharmacies to
32 provide discounts on prescription drugs. In general, the contractor shall seek discounts from
33 pharmacies and manufacturers that are comparable to those available under health plans that
34 provide pharmacy benefits to employees of state and local government entities.

1 (b) The departments of human services and elderly affairs, in consultation with the
2 contractor, shall establish maximum prices to be charged an enrollee, and the contractor shall
3 establish and publicize special value prices where it has established a significant discount on a
4 generic drug or where a drug's manufacturer has agreed to subsidize discounts by making
5 quarterly rebate payments. The contractor shall establish any arrangements for compensating
6 pharmacies where the prices payable by enrollees have been reduced using manufacturer rebates,
7 and for collecting administrative fees paid by enrollees to pharmacies. The contractor shall
8 establish arrangements for facilitating application by Best Rx enrollees to patient assistance
9 programs offered by participating manufacturers.

10 (c) Pharmacy dispensing fees shall be uniformly established in advance at an amount that
11 shall not exceed two dollars and fifty cents (\$2.50) per prescription, and shall be paid directly to
12 the pharmacy by the program beneficiaries.

13 **42-66.2.1-6. Administrative fees.** – The departments of human services and elderly
14 affairs shall ensure that administrative fees imposed by means of subsection (a) or (b), are
15 sufficient to cover all expenses related to the management of the discount program, and shall
16 periodically revise any arrangements under this section in order to maximize enrollment and to
17 minimize the price paid by enrollees for prescriptions.

18 (a) Per prescription administrative fees paid by the enrollee shall be established
19 as follows: (i) for the first twenty thousand (20,000) prescriptions filled for program
20 beneficiaries, two dollars (\$2.00) per prescription; (ii) for the next twenty thousand (20,000)
21 prescriptions filled for program beneficiaries, on dollar and fifty cents (\$1.50) per prescription;
22 (iii) for the next twenty thousand (20,000) prescriptions filled for program beneficiaries, one
23 dollar (\$1.00) per prescription; (iv) after the initial sixty thousand (60,000) prescriptions are
24 filled, the Rhode Island Best Rx Program Advisory commission, established in section 42-66.2.1-
25 6 below, shall advise the departments regarding an appropriate per prescription administrative
26 fee, which shall not exceed \$1.00 per prescription.

27 (b) Any authority for the contractor to retain a share of manufacturer rebates to defray
28 administrative expenses shall be subject to a quarterly review and revision based on reconciliation
29 of aggregate rebates received and administrative costs in excess of fees established under
30 subsection (a).

31 (c) The departments of human services and elderly affairs shall seek to minimize the
32 diversion of rebates to pay administrative costs, and shall phase out all such use of rebates as soon
33 as feasible, in order to ensure that rebates are passed through to enrollees for whom a drug is
34 prescribed.

1 (d) Department of Human Services—Powers—The department of human services is
2 authorized to promulgate rules and regulations for the administration of this chapter and to further
3 its purposes.

4 **42-66.2.1-7. Advisory Commission.** – (a) There is hereby established the Rhode Island
5 Best Rx Program Advisory Commission. The Commission shall be responsible for the
6 marketing, education and promotion of the Rhode Island Best Rx Discount Program for the
7 Uninsured and shall set administrative fees as required under section 42-66.2.1-5 and otherwise
8 advise the General Assembly on the operation of the Rhode Island Best Rx Discount Program for
9 the Uninsured.

10 (b) The advisory commission shall have the following composition: (i) a representative of
11 organized labor appointed by the president of the Rhode Island AFL-CIO; (ii) a representative of
12 the Alliance for Retired Americans appointed by the executive director; (iii) a representative of
13 the American Association of Retired Persons appointed by the executive director; (iv) a
14 representative of retail pharmacists licensed and operating in the state of Rhode Island, as
15 appointed by the Rhode Island Pharmacists Association; (v) three (3) representatives of the
16 research-based pharmaceutical manufacturers; (vi) the speaker of the house or his or her
17 designee; (vii) the president of the senate or his or her designee, (viii) the Director of the
18 Department of Human Services, or his or her designee; and (ix) the Director of the Department of
19 Elderly Affairs, or his or her designee.

20 (c) The speaker of the house or his or her designee, and the president of the senate or his
21 or her designee, shall co-chair the advisory commission, and the commission shall meet at the call
22 of the chair, but no less frequently than once per year.

23 (d) Commission members in subsections (i) through (iv) herein shall be appointed as
24 above and shall serve such terms as may be designated by their respective constituencies and
25 shall receive no compensation for their service.

26 (e) The director or designated representative of the department of human services and the
27 department of elderly affairs shall be non-voting ex-officio members of the advisory commission.

28 (f) A quorum for consideration of business is no fewer than five (5) voting members
29 present. Recommendations and action of the council shall be adopted by a two-thirds (2/3)
30 majority, and no minority action shall be authorized.

31 SECTION 4. Section 42-66.2.1-4 of the General Laws in Chapter 42-66.2.1 entitled
32 "Prescription Drug Discount Program for the Uninsured" is hereby repealed.

33 ~~**42-66.2.1-4. Annual enrollment fee.** -- There shall be an annual enrollment fee sufficient~~
34 ~~to cover all expenses related to the management of the discount program and shall not exceed~~

1 ~~thirty dollars (\$30.00) per year. Pharmacy dispensing fees shall be uniformly established in~~
2 ~~advance, and paid directly to the pharmacy by the program beneficiaries.~~

3 SECTION 5. This act shall take effect on July 1, 2007.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE - THE RHODE ISLAND BEST RX PROGRAM

1 This act would create the Rhode Island Best Rx Program to provide prescription drug
2 assistance to the uninsured.

3 This act would take effect on July 1, 2007.

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