



93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004

Introduced 2/6/2004, by Ira I. Silverstein

SYNOPSIS AS INTRODUCED:

320 ILCS 55/25

Amends the Senior Citizens and Disabled Persons Prescription Drug Discount Program Act. Provides that the amount paid by eligible seniors and disabled persons enrolled in the program to authorized pharmacies for prescription drugs may not exceed prices agreed upon between the Department and program administrator. Removes language that requires the Department or program administrator to compensate authorized pharmacies for prescription drugs dispensed under the program. Effective immediately.

LRB093 19814 AMC 45557 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning prescription drugs.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Senior Citizens and Disabled Persons
5 Prescription Drug Discount Program Act is amended by changing
6 Section 25 as follows:

7 (320 ILCS 55/25)

8 Sec. 25. Program administration.

9 (a) The Department is authorized under this Act to be the
10 program administrator. If the Department is not the program
11 administrator, 90 days after the effective date of this Act,
12 the Department must issue a request for proposals for bidders
13 interested in administering the program. Bidders must compete
14 on the basis of the following minimum criteria:

15 (1) The Director shall solicit and accept proposals
16 from entities to provide for administration of a program or
17 programs in accordance with rules adopted under Section 45.
18 Proposals must be submitted not later than a date
19 established by the Director. The Director shall accept only
20 those proposals that specify the following:

21 (A) The estimated amount of the discount based on
22 the entity's previous experience and how the discount
23 is to be achieved.

24 (B) The extent that discounts on prescription
25 drugs are to be achieved through rebates,
26 administrative fees, or other fees or discounts in
27 prices that the entity negotiates with drug
28 manufacturers. The proposals shall assure that rebates
29 or discounts will be used to do the following:

30 (i) reduce costs to cardholders;

31 (ii) achieve discounts for cardholders; and

32 (iii) cover costs for administering the

1 program.

2 (C) Any other benefits offered to cardholders.

3 (D) The estimated number and geographic
4 distribution of participating pharmacies in the
5 administrator's pharmacy network.

6 (E) The plan for pharmacy compensation, pursuant
7 to subsection (e) of this Section.

8 (F) The method used for determining the
9 prescription drugs to be covered by the program,
10 including the criteria and process for establishing a
11 preferred drug list, if applicable.

12 (G) How the entity proposes to improve medication
13 management for cardholders, including any program of
14 disease management.

15 (H) How cardholders and participating pharmacies
16 will be informed of the discounted price negotiated by
17 the entity.

18 (I) How the entity will handle complaints about the
19 program's operation.

20 (J) The entity's previous experience in managing
21 similar programs.

22 (K) Any additional information requested by the
23 Director.

24 (2) The Director shall contract with one or more
25 entities to administer a program or programs on the basis
26 of the proposals submitted, but may require an
27 administrator to modify its conduct of a program in
28 accordance with rules adopted under Section 45.

29 The Director shall adopt rules specifying the period
30 for which a contract will be in effect and may terminate a
31 contract if an administrator fails to conduct a program in
32 accordance with its proposal or with any modifications
33 required by rule. When a contract period ends or a contract
34 is terminated, the Director shall enter into a new contract
35 in the manner specified in this Section for an original
36 contract. Prior to making a new contract, the Director may

1 modify the rules for administration of the program or
2 programs.

3 (b) As used in this Section, "administrator" includes the
4 administrator's parent company and any subsidiary of the parent
5 company.

6 (1) No administrator shall sell any information
7 concerning a person who holds a prescription drug discount
8 card, other than aggregate information that does not
9 identify the cardholder, without the cardholder's written
10 consent.

11 (2) Unless an administrator has the cardholder's
12 written consent, no administrator shall use any personally
13 identifiable information that it obtains concerning a
14 cardholder through the program to promote or sell a program
15 or product offered by the administrator that is not related
16 to the administration of the program. This subsection (b)
17 does not prohibit an administrator from contacting
18 cardholders concerning participation in or administration
19 of the program, including, but not limited to, mailing a
20 list of pharmacies participating in the program's network
21 or participating in disease management programs.

22 (3) To the extent that a discount is achieved through
23 rebates, administrative fees, or any other fees or
24 discounts in prices that an administrator negotiates with
25 drug manufacturers, an administrator shall use the rebates
26 or discounts to do the following:

27 (A) reduce costs to cardholders;

28 (B) achieve discounts for cardholders; and

29 (C) cover any administrative costs of the program.

30 (4) The administrator shall not use any funds generated
31 from rebates, discounts, administrative fees, or other
32 fees to promote its mail order pharmacy operation or the
33 mail order pharmacy operation of an affiliate. This
34 subdivision (b)(4) does not, however, limit the
35 participation of an Illinois-licensed pharmacy under this
36 Act if that pharmacy provides prescription drugs by mail

1 order.

2 (c) Beginning on January 1, 2004 and until the effective
3 date of this amendatory Act of the 93rd General Assembly, the
4 amount paid by eligible seniors and disabled persons enrolled
5 in the program to authorized pharmacies for prescription drugs
6 may not exceed prices established as a result of the rebate
7 agreements under Section 30. The eligible seniors and disabled
8 persons shall pay the price determined under Section 30 plus a
9 dispensing fee of \$3.50 per prescription for brand name drug
10 products, single-source drug products, and, for a period of 6
11 months, newly released generic drug products and \$4.25 per
12 prescription for all other generic drug products, except that
13 the total amount paid by the eligible senior or disabled person
14 for each prescription drug under this program shall not exceed
15 the usual and customary charge for such prescription.

16 (c-5) Beginning on the effective date of this amendatory
17 Act of the 93rd General Assembly, the amount paid by eligible
18 seniors and disabled persons enrolled in the program to
19 authorized pharmacies for prescription drugs may not exceed
20 prices agreed upon between the Department and program
21 administrator. The eligible seniors and disabled persons shall
22 pay the discounted price plus a negotiated dispensing fee.

23 (d) The contract between the Department and a pharmacy
24 benefits manager must, at a minimum, meet the criteria of
25 subsection (a). The contract must also require notification by
26 the pharmacy benefits manager of any proposed or ongoing
27 activity that involves, directly or indirectly, any conflict of
28 interest on the part of the pharmacy benefits manager. The
29 Department shall ensure that the pharmacy benefits manager
30 complies with the contract and shall adopt all procedures
31 necessary to enforce the contract.

32 (e) (Blank). ~~The Department or program administrator~~
33 ~~shall, subject to the funds available under Section 30 of this~~
34 ~~Act, compensate authorized pharmacies for prescription drugs~~
35 ~~dispensed under the program for the difference between the~~
36 ~~amount paid by the eligible senior or disabled person for~~

1 ~~prescription drugs dispensed under the program and (i) the AWP~~
2 ~~minus 12% for brand name drug products, single source generic~~
3 ~~drug products, and, for a period of 6 months, newly released~~
4 ~~generic drug products and (ii) the AWP minus 35% for all other~~
5 ~~generic drug products. The Department shall compensate a~~
6 ~~pharmacy under this subsection (c) only if the amount paid by~~
7 ~~the eligible senior or disabled person has been discounted to a~~
8 ~~price, including the dispensing fees stated in subsection (c)~~
9 ~~of this Section, that is less than (i) the AWP minus 12% for~~
10 ~~brand name drug products, single source generic drug products,~~
11 ~~and, for a period of 6 months, newly released generic drug~~
12 ~~products and (ii) the AWP minus 35% for all other generic drug~~
13 ~~products.~~

14 (f) Beginning on January 1, 2004, the Department or program
15 administrator shall reimburse pharmacies under this Section
16 within 30 days after adjudication of the claim for claims made
17 based on prescription drugs dispensed under the program before
18 the effective date of this amendatory Act of the 93rd General
19 Assembly..

20 (Source: P.A. 93-18, eff. 7-1-03.)

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.