

SENATE PUBLIC AFFAIRS COMMITTEE SUBSTITUTE FOR
SENATE BILL 354

53RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2017

AN ACT

RELATING TO PROCUREMENT; ESTABLISHING THE INTERAGENCY
PHARMACEUTICALS PURCHASING COUNCIL; PROVIDING FOR COORDINATED
PROCUREMENT OF PHARMACEUTICALS AND PHARMACEUTICAL BENEFITS
AMONG CERTAIN STATE AGENCIES AND OTHER GOVERNMENTAL ENTITIES
AND FOR REPORTING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] INTERAGENCY PHARMACEUTICALS
PURCHASING COUNCIL--CREATION--MEMBERSHIP--DUTIES.--

A. The "interagency pharmaceuticals purchasing
council" is created and is administratively attached to the
general services department. The council shall utilize
existing constituent agency resources to review and coordinate
cost-containment strategies for the procurement of
pharmaceuticals and pharmacy benefits and the pooling of risk

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1 for pharmacy services by the constituent agencies. Pursuant to
2 its review of these strategies and related data, the council
3 shall decide by vote which cost-containment strategies it will
4 recommend. Constituent agencies shall make their own
5 procurement decisions. The secretary of general services shall
6 serve as director of the council and shall be responsible for
7 the coordination of the day-to-day activities of the council.

8 B. The interagency pharmaceuticals purchasing
9 council shall be composed of the following eleven members
10 serving as voting, ex-officio members:

11 (1) the secretary of human services or the
12 secretary's designee;

13 (2) the secretary of health or the secretary's
14 designee;

15 (3) the secretary of children, youth and
16 families or the secretary's designee;

17 (4) the secretary of corrections or the
18 secretary's designee;

19 (5) the director of the risk management
20 division of the general services department or the director's
21 designee;

22 (6) the executive director of the retiree
23 health care authority or the executive director's designee;

24 (7) the executive director of the public
25 school insurance authority or the executive director's

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1 designee;

2 (8) the superintendent of the Albuquerque
3 public school district or the superintendent's designee;

4 (9) the president of the university of New
5 Mexico or the president's designee; and

6 (10) two members, appointed by the governor,
7 who are officers of, or representative of organizations that
8 represent, county, municipal or local government entities that
9 participate in consolidated purchasing of pharmaceuticals or
10 pharmacy benefits with other constituent agencies.

11 C. The interagency pharmaceuticals purchasing
12 council shall convene its first meeting with a quorum of its
13 members present by September 1, 2017 at the call of the
14 secretary of general services. After the initial meeting of
15 the council, a quorum of its members shall meet at least once
16 quarterly at the call of the secretary of general services.
17 Meetings of the council shall be subject to the Open Meetings
18 Act. In addition to notice provided pursuant to that act, the
19 secretary of general services shall provide written notice of
20 each scheduled meeting of the council to the director of the
21 legislative finance committee at least ten days before each
22 meeting.

23 D. The presence of a majority of voting members of
24 the interagency pharmaceuticals purchasing council constitutes
25 a quorum. The affirmative vote of a majority of a quorum

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1 present shall be necessary for an action to be taken by the
2 council.

3 E. The interagency pharmaceuticals purchasing
4 council shall utilize existing constituent agency resources to
5 review and coordinate cost-containment strategies for the
6 procurement of pharmaceuticals and pharmacy benefits and the
7 pooling of risk for pharmacy services by the constituent
8 agencies. As resources allow, the cost-containment strategies
9 that the council shall examine are:

10 (1) the benchmarking of pricing for
11 pharmaceuticals and pharmacy benefits to:

12 (a) the pricing that the state's medical
13 assistance plans achieve for pharmaceuticals and pharmacy
14 benefits; and

15 (b) the pricing that the United States
16 department of veterans affairs achieves for pharmaceuticals and
17 pharmacy benefits;

18 (2) active medical management to optimize
19 health outcomes and reduce costs;

20 (3) the establishment of a common formulary
21 for all pharmaceuticals and pharmacy benefits plans offered by
22 constituent agencies;

23 (4) a single purchase agreement for all
24 constituent agencies' pharmaceuticals and pharmacy benefits;

25 (5) common procurement of expert services,

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1 including, at minimum, pharmacy benefits management, pharmacy
2 benefits management oversight services, medical direction and
3 actuarial services;

4 (6) identifying any opportunities to
5 consolidate purchasing among two or more constituent agencies;

6 (7) identifying any opportunities for pooling
7 risk among two or more constituent agencies or populations the
8 constituent agencies serve;

9 (8) identifying any opportunities for
10 consolidating purchasing with other entities and states of the
11 United States;

12 (9) ensuring that all agencies, programs,
13 clinics, hospitals and other health-related centers and
14 entities, including those identified by the human services
15 department pursuant to Paragraph (3) of Subsection A of Section
16 27-2-12.13 NMSA 1978, that are eligible for pharmaceutical
17 discounts pursuant to Section 340B of the federal Public Health
18 Service Act participate in that Section 340B federal
19 pharmaceutical price discount program;

20 (10) identifying any opportunities for
21 maximizing the use of generic pharmaceuticals where safe and
22 cost-effective to do so;

23 (11) negotiating advantageous pricing and
24 incentives with insurers, pharmacy benefits managers,
25 pharmacies, manufacturers, distributors and vendors of

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1 pharmaceuticals and other third-party entities involved in
2 supplying pharmaceuticals, pharmacy benefits and management
3 services to the council's constituent entities; and

4 (12) identifying any other opportunities for
5 maximizing efficiency and a high standard of health care
6 quality.

7 F. The legislative finance committee shall annually
8 review and validate the council's progress. It shall
9 incorporate this information into its budget and policy
10 analysis and recommendations.

11 G. As used in this section, "constituent agency"
12 means:

13 (1) the human services department, including
14 any medical assistance program it administers;

15 (2) the department of health;

16 (3) the children, youth and families
17 department;

18 (4) the corrections department;

19 (5) the risk management division of the
20 general services department;

21 (6) the retiree health care authority;

22 (7) the public school insurance authority;

23 (8) the publicly funded health care program of
24 the Albuquerque public school district;

25 (9) the university of New Mexico health

1 benefits program for university employees and retirees;
2 (10) the university of New Mexico hospitals;
3 or
4 (11) any local, county or municipal government
5 that opts to participate in consolidated pharmaceuticals or
6 pharmacy benefit purchasing.

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