

Senate Health and Human Services Committee

Sophie Walsh 271-3469

SB 119-FN, relative to Medicaid pharmaceutical services.

Hearing Date: February 6, 2025

Time Opened: 10:02 a.m.

Time Closed: 10:10 a.m.

Members of the Committee Present: Senators Rochefort, Avard, Birdsell, Prentiss and Long

Members of the Committee Absent: None

Bill Analysis: This bill directs pharmacists to dispense brand name drugs to Medicaid beneficiaries when the brand name drug is on the department of health and human services preferred drug list. The bill also directs the department to develop a standing order for certain Medicaid-covered, over-the-counter medications, medical supplies, and laboratory tests when deemed medically necessary and cost effective by the department.

The bill is a request of the department of health and human services.

Sponsors:

Sen. Gray

Who supports the bill: Sen. Gray and Henry Lipman (DHHS).

Who opposes the bill: Julie Smith, Laura Condon, Curtis Howland, Janet Lucas, and Gordon Springate.

Who is neutral on the bill: No one.

Summary of testimony presented:

Senator James Gray, Senate District 6

- Senator Gray explained that name brand drugs can sometimes be less expensive than generics because of incentives.
- He stated that the OLS bill analysis provides a good explanation of the bill.

Henry Lipman, Medicaid Director, Department of Health and Human Services

- This bill is asking for flexibility when the net cost of a name brand drug is less than the generic due to rebate.

- This will also allow the Division of Medicaid to improve their pharmacy drug list by having more commonality in terms of picking which managed care organization (MCO) has which drug.
- While the fiscal note is still in process, this bill will provide savings to the State in general funds. It will save an estimated \$1.1 million in 2026, \$3.4 million in 2027, and \$4.5 million in 2028.
- This will ensure the Medicaid program is operating in the most economical way possible while still providing the same patient benefit. This will not cost the State money.
- Mr. Lipman referenced page 2 of the bill and explained this provision will allow the Chief Medical Officer to issue a standing order for certain over-the-counter medications and medical supplies.
- Senator Rochefort confirmed that because there are often contracted price agreements with manufacturers, if a brand name manufacturer provides a coupon or rebate that nets the price of the drug down lower than the generic, it is often cheaper.
- Mr. Lipman confirmed that is true and acknowledged that it may not seem intuitive, but it is cheaper.
- He emphasized that Medicaid already receives preferential treatment in terms of discounting, and they have protections against claw backs in their contracts.