

FEB 8 2006
COMMERCE, REGULATION & LABOR

HOUSE FILE 2305
BY MASCHER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the creation of a pharmaceutical purchasing
2 pool for small businesses and governmental entities.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2305

1 Section 1. Section 135.132, Code 2005, is amended by
2 striking the section and inserting in lieu thereof the
3 following:

4 135.132 PHARMACEUTICALS PURCHASING POOL -- COUNCIL.

5 1. A pharmaceuticals purchasing pool is created within the
6 Iowa department of public health to provide a conduit for
7 state and local governmental entities and small businesses to
8 combine purchasing capacity relating to pharmaceuticals. The
9 department of pharmaceutical care of the university of Iowa
10 hospitals and clinics shall act in an advisory capacity to the
11 department in creating and administering the pool.

12 2. a. A pharmaceuticals purchasing pool council is
13 created. The council shall be composed of the following
14 members:

15 (1) The director of public health, or the director's
16 designee.

17 (2) The director of human services, or the director's
18 designee.

19 (3) The director of the department of administrative
20 services, or the director's designee.

21 (4) A representative of the state board of regents.

22 (5) The director of the department of corrections, or the
23 director's designee.

24 (6) The director, or the director's designee, of any other
25 agency that purchases pharmaceuticals designated to be
26 included as a member by the director of public health.

27 (7) A representative of the Iowa state association of
28 counties.

29 (8) A representative of the Iowa league of cities.

30 (9) A representative of the Iowa association of business
31 and industry.

32 b. The council shall select a chairperson annually from
33 its membership. A majority of the members of the council
34 shall constitute a quorum.

35 c. The council shall do all of the following:

1 (1) Develop procedures that governmental entities and
2 small businesses that are members of the pool must follow in
3 purchasing pharmaceuticals. However, a member governmental
4 entity or small business may elect not to follow the council's
5 procedures if the governmental entity or small business is
6 able to purchase the pharmaceuticals for a lower price than
7 the price available through the council. A governmental
8 entity or small business that does not follow the council's
9 procedures shall report all of the following to the council:

10 (a) The purchase price for the pharmaceuticals.

11 (b) The name of the wholesaler, retailer, or manufacturer
12 selling the pharmaceuticals.

13 (2) Designate a member state governmental entity as the
14 central purchasing agency for purchasing of pharmaceuticals.

15 (3) Use existing distribution networks, including
16 wholesale and retail distributors, to distribute the
17 pharmaceuticals.

18 (4) Investigate options that maximize purchasing power,
19 including expanding purchasing under the medical assistance
20 program, qualifying for participation in purchasing programs
21 under 42 U.S.C. § 256b, as amended, and utilizing rebate
22 programs, hospital disproportionate share purchasing,
23 multistate purchasing alliances, and health department and
24 federally qualified health center purchasing.

25 (5) In collaboration with the department of pharmaceutical
26 care of the university of Iowa hospitals and clinics, make
27 recommendations to member governmental entities and small
28 businesses regarding drug utilization review, prior
29 authorization, the use of restrictive formularies, the use of
30 mail order programs, and copayment structures. This
31 subparagraph shall not apply to the medical assistance program
32 but only to the operations of the member governmental entities
33 and small businesses.

34 (6) Develop procedures under which the council may
35 disclose information relating to the prices manufacturers or

1 wholesalers charge for pharmaceuticals by category of
2 pharmaceutical. The procedure shall prohibit the council from
3 disclosing information that identifies a specific manufacturer
4 or wholesaler or the prices charged by a specific manufacturer
5 or wholesaler for a specific pharmaceutical.

6 3. The central purchasing agency shall enter into
7 agreements with member governmental entities and small
8 businesses to purchase pharmaceuticals.

9 4. For purposes of this section:

10 a. "Governmental entity" means a state agency as defined
11 in section 7D.34, except that it shall also include a
12 political subdivision of the state including but not limited
13 to a county, city, township, school district, or community
14 college.

15 b. "Small business" means small business as defined in
16 section 16.1, except that it shall also include the operation
17 of a farm.

18 EXPLANATION

19 This bill replaces the existing interagency pharmaceuticals
20 bulk purchasing council, which applied only to state and local
21 governments, with a pharmaceuticals purchasing pool which
22 applies to both state and local governmental entities and
23 small businesses. The bill creates the pharmaceuticals
24 purchasing pool within the Iowa department of public health to
25 provide a conduit for governmental entities and small
26 businesses to combine purchasing capacity relating to
27 pharmaceuticals.

28 The bill creates a pharmaceuticals purchasing pool council
29 composed of directors of specified agencies and of any other
30 agency that purchases pharmaceuticals, designated to be
31 included as a member by the director of public health. The
32 council also includes representatives from county, city, and
33 business organizations.

34 The duties of the council are to develop procedures that
35 member governmental entities and small businesses must follow

1 in purchasing pharmaceuticals; designate a member state
2 governmental entity as the central purchasing agency; use
3 existing distribution networks, including wholesale and retail
4 distributors, to distribute the pharmaceuticals; investigate
5 options that maximize purchasing power; make recommendations
6 to member governmental entities and small businesses regarding
7 drug utilization review, prior authorization, the use of
8 restrictive formularies, the use of mail order programs, and
9 copayment structures; and develop procedures under which the
10 council may disclose information relating to the prices
11 manufacturers or wholesalers charge for pharmaceuticals by
12 category of pharmaceutical. The designated purchasing agency
13 is directed to enter into agreements with member governmental
14 entities and small businesses to purchase pharmaceuticals.

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