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HOUSE BILL NO. 1348

Offered January 12, 2024

A *BILL to amend the Code of Virginia by adding in Chapter 11 of Title 2.2 an article numbered 9, consisting of a section numbered 2.2-1184, relating to Department of General Services; Office of Pharmaceutical Services; report.*

Patron—LeVere Bolling

Referred to Committee on Health and Human Services

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 11 of Title 2.2 an article numbered 9, consisting of a section numbered 2.2-1184, as follows:

Article 9.

Office of Pharmaceutical Services.

§ 2.2-1184. Office of Pharmaceutical Services.

A. There is created within the Department of General Services an Office of Pharmaceutical Services (the Office). The Office shall develop and execute a plan to consolidate state agency prescription drug purchasing and consolidate pharmacy benefit management programs to increase efficiency and constrain spending on prescription drugs. The Secretaries of Administration, Health and Human Resources, and Public Safety and Homeland Security shall provide support to the Office in developing the plan. In developing such plan, the Office shall:

1. Identify every state agency that purchases prescription drugs to dispense or administer or that provides pharmacy benefits for health plan enrollees and review the process by which such state agencies currently negotiate and arrange for the purchase of prescription drugs or manage pharmacy benefits for enrollees;

2. Develop a list of prescription drugs currently purchased by state agencies that afford the greatest opportunity for constraining prescription drug spending through multiagency procurement or other cost control strategies and review the pharmacy benefit management contracts of state employee health plans to assess strengths of different contracts and the feasibility of multiagency pharmacy benefit contracting and other pharmacy benefit management cost containment opportunities. In developing such list, the Office shall identify and prioritize consideration of (i) the 25 most expensive prescription drugs purchased by state agencies or covered by state agency health benefit programs in the previous calendar year and (ii) the 25 prescription drugs generating the highest total net spending among state agencies in the previous calendar year;

3. Develop a plan for transitioning all pharmacy services provided through the Commonwealth's program of medical assistance services administered by the Department of Medical Assistance Services to fee-for-service benefits to improve program efficiency and cost savings by applying best practices from other states that have transitioned; and

4. Develop a plan for implementing group purchasing arrangements or otherwise maximizing cost savings for state agencies that procure drugs and develop a separate plan to optimize prescription drug cost containment for state agency health benefit plans. Such separate plan to optimize prescription drug cost containment for state agency health benefit plans shall include provisions for allowing and encouraging participation by local governments and private health plans that may benefit from participation in the Commonwealth's pharmacy benefit optimization program.

B. The Department shall provide an interim report on the development of the plan to consolidate state agency prescription drug purchasing and pharmacy benefit management programs to the Governor and the General Assembly by November 1, 2024, which shall include a preliminary estimate of potential cost savings based on drugs identified in subdivision A 2, and a final report on the plan to consolidate state agency prescription drug purchasing and pharmacy benefit management programs to the Governor and the General Assembly by November 1, 2025, which shall include an updated estimate of potential cost savings based on drugs identified in subdivision A 2. Such reports shall include (i) options or recommendations regarding the office or agency of the Commonwealth best qualified to administer the group purchasing initiative on behalf of agencies that purchase or reimburse for prescription drugs and (ii) recommendations for any statutory, regulatory, policy, or budgetary changes necessary to implement the Office's plan to consolidate state agency prescription drug purchasing and reimbursement programs.