



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

HB5340

by Rep. Anna Moeller

#### SYNOPSIS AS INTRODUCED:

New Act

Creates the Illinois Pharmaceutical Collaborative Act. Requires the Department of Healthcare and Family Services to convene the Illinois Pharmaceutical Collaborative (Collaborative) to address the rising cost of pharmaceutical drugs. Provides that the Collaborative shall be chaired by the Director of Healthcare and Family Services and its activities shall be coordinated by the Department. Provides that the Collaborative shall meet twice a year and that its mission shall be to coordinate the efforts of State and local government entities to identify and implement opportunities for cost savings with regard to the purchase of pharmaceuticals, particularly pharmaceuticals that are considered high-cost drugs. Contains provisions concerning the composition and duties of the Collaborative; Department contracts with manufacturers and suppliers of single source or multisource pharmaceuticals; the appointment of a pharmaceutical benefits manager; State participation in a prescription drug bulk purchasing program; and reporting requirements.

LRB101 19204 KTG 68667 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning pharmaceuticals.

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

4 Section 1. Short title. This Act may be cited as the  
5 Illinois Pharmaceutical Collaborative Act.

6 Section 5. Findings and declarations.

7 (a) Despite prior legislative attempts to encourage the  
8 participation of State and local entities in a bulk purchasing  
9 program aimed at lowering government expenses, pharmaceutical  
10 drug prices are skyrocketing, and State and local spending on  
11 these drugs is increasing.

12 (b) This Act is intended to improve the situation by  
13 revising the organizational framework to better facilitate the  
14 cooperation of State and local agencies to reduce the costs of  
15 pharmaceuticals they purchase.

16 (c) Both State and local entities will benefit from a  
17 collaboration to track high-cost pharmaceuticals, achieve the  
18 best value in procurement and pricing of pharmaceuticals,  
19 identify important issues related to prescription drug pricing  
20 and procurement, and increase the Department of Healthcare and  
21 Family Services purchasing power.

22 Section 10. The Illinois Pharmaceutical Collaborative.

1           (a) The Department of Healthcare and Family Services shall  
2           convene the Illinois Pharmaceutical Collaborative in  
3           accordance with this Act to address the rising cost of  
4           pharmaceutical drugs.

5           (b) The Illinois Pharmaceutical Collaborative shall be  
6           chaired by the Director of Healthcare and Family Services, or  
7           his or her designee.

8           (c) The activities of the Illinois Pharmaceutical  
9           Collaborative shall be coordinated by the Department of  
10          Healthcare and Family Services.

11          (d) The Illinois Pharmaceutical Collaborative shall meet  
12          at least twice per year. The mission of the Illinois  
13          Pharmaceutical Collaborative shall be to coordinate the  
14          efforts of State and local government entities to identify and  
15          implement opportunities for cost savings with regard to the  
16          purchase of pharmaceuticals, particularly pharmaceuticals that  
17          are considered high-cost drugs.

18          Section 15. Composition of the Illinois Pharmaceutical  
19          Collaborative.

20          (a) The following agencies shall be members of, and shall  
21          each appoint a representative to, the Illinois Pharmaceutical  
22          Collaborative:

- 23                 (1) The Department of Corrections.  
24                 (2) The Department of Veterans' Affairs.  
25                 (3) The Department of Human Services.

1           (4) The Department of Financial and Professional  
2 Regulation.

3           (5) The Department of Central Management Services.

4           (6) The Department of Labor.

5           (7) The Department of Public Health.

6           (8) The Board of Higher Education.

7           (b) The Speaker of the House of Representatives and the  
8 President of the Senate shall each appoint a representative to  
9 the Illinois Pharmaceutical Collaborative. The Minority Leader  
10 of the House of Representatives and the Minority Leader of the  
11 Senate shall each appoint a representative to the Illinois  
12 Pharmaceutical Collaborative.

13           (c) Other State or local government agencies may also  
14 appoint a representative to the Illinois Pharmaceutical  
15 Collaborative, as determined by the Governor.

16           Section 20. Duties.

17           (a) The Illinois Pharmaceutical Collaborative shall  
18 perform all of the following functions:

19           (1) Coordinate best value clinical treatment protocols  
20 among members of the Illinois Pharmaceutical  
21 Collaborative.

22           (2) Leverage State and local governmental efficiencies  
23 and methodologies to achieve best value procurement,  
24 purchasing, and negotiation with manufacturers for  
25 discounts on pharmaceuticals.

1           (3) Investigate and implement options and strategies  
2           to achieve the greatest savings on pharmaceuticals,  
3           including all of the following:

4                   (A) Encourage members of the Illinois  
5                   Pharmaceutical Collaborative to develop and adopt the  
6                   State's preferred drug list overseen by the Department  
7                   of Healthcare and Family Services.

8                   (B) Obtain the maximum transparency possible in  
9                   administering the State's preferred drug list,  
10                  including all forms of rebates, mail order income, and  
11                  spreads.

12                  (C) Join other State pharmaceutical purchasing  
13                  programs in a consortium that is open to other private  
14                  and public purchasers of pharmaceuticals.

15                  (D) Join an independent association that produces  
16                  comparative effectiveness research on pharmaceuticals  
17                  using systematic reviews of scientific or medical  
18                  studies that use clinical trials and are subject to  
19                  peer review. The association's investigators shall  
20                  comply with a conflict-of-interest policy that  
21                  includes a formal, annual, written, self-declaration  
22                  of no financial interest in any pharmaceutical company  
23                  for at least the duration of the time that the person  
24                  is working for the association.

25                  (E) Obtain access to the drug discount program  
26                  established under Section 340B of the federal Public

1 Health Service Act (42 U.S.C. 256b).

2 (4) Establish and monitor performance and quality  
3 standards for protocols, guidelines, and contracts created  
4 for members of the Illinois Pharmaceutical Collaborative.

5 (5) Work with members of the Illinois Pharmaceutical  
6 Collaborative to track access to and State expenditures on  
7 specified high-cost drugs to inform the budget process.

8 (6) Recommend high-cost pharmaceuticals for cost value  
9 review by independent research organizations.

10 (7) Track new pharmaceuticals that are under review by  
11 the federal Food and Drug Administration, drugs that are  
12 likely to come on to the market in the near future, and  
13 drugs that may become high cost.

14 (8) Act as a forum for discussion where issues of  
15 interest related to pharmaceuticals can be identified and  
16 addressed.

17 (9) Collect information on drugs approved by the  
18 federal Food and Drug Administration that will be sold and  
19 used by members of the Illinois Pharmaceutical  
20 Collaborative.

21 (b) Nothing in this Section shall be construed to require  
22 the sharing of information that is prohibited by any other  
23 provision of law or contractual agreement, or the disclosure of  
24 information that may adversely affect potential pharmaceutical  
25 procurement by any State agency.

1           Section 25. Workgroups. The Illinois Pharmaceutical  
2 Collaborative shall form several workgroups in service of its  
3 goals that shall meet at least quarterly. The co-chairpersons  
4 of the Illinois Pharmaceutical Collaborative shall meet with  
5 the workgroup leads monthly. The workgroups formed shall  
6 include all of the following:

7           (1) A clinical workgroup.

8           (2) A policy workgroup.

9           (3) A procurement workgroup.

10          (4) A local outreach workgroup.

11          Section 30. Contracts.

12          (a) Notwithstanding any other provision of law, the  
13 Department of Healthcare and Family Services, in accordance  
14 with this Act, may enter into exclusive or nonexclusive  
15 contracts on a bid or negotiated basis with manufacturers and  
16 suppliers of single source or multisource pharmaceuticals. The  
17 Department of Healthcare and Family Services may obtain from  
18 those manufacturers and suppliers discounts, rebates, or  
19 refunds based on quantities purchased insofar as permissible  
20 under federal law. Contracts entered into in accordance this  
21 Act may include price discounts, rebates, refunds, or other  
22 strategies aimed at managing escalating prescription  
23 pharmaceutical drug prices.

24          (b) Contracts under this Act shall be exempt from the  
25 Illinois Procurement Code.

1           Section 35. Pharmaceutical benefits manager. The  
2 Department of Healthcare and Family Services may appoint and  
3 contract with a pharmaceutical benefits manager or other entity  
4 to facilitate the acquisition of pharmaceuticals purchased in  
5 accordance with this Act. The pharmaceutical benefits manager  
6 or other entity may do all of the following:

7           (1) Negotiate price discounts, rebates, or other  
8 options that achieve the greatest savings on  
9 pharmaceuticals with pharmaceutical manufacturers and  
10 wholesalers.

11           (2) Purchase pharmaceuticals for participating State  
12 or local governmental entities.

13           (3) Act as a consultant to the Department of Healthcare  
14 and Family Services and the Illinois Pharmaceutical  
15 Collaborative.

16           Section 40. Prescription drug bulk purchasing program.

17           (a) The following State agencies shall participate in the  
18 prescription drug bulk purchasing program authorized under  
19 this Act.

20           (1) The Department of Public Health.

21           (2) The Department of Corrections.

22           (3) The Department of Human Services' Division of  
23 Developmental Disabilities.

24           (b) Any State, local, or public agency governmental entity,



1 other than a State agency specified in subsection (a), may  
2 elect to participate in the coordinated purchasing program.

3 Section 45. Reports. On or before July 1, 2021, the  
4 Department of Healthcare and Family Services shall submit a  
5 report to the appropriate policy and fiscal committees of the  
6 General Assembly on the activities of the Illinois  
7 Pharmaceutical Collaborative. The report shall be filed  
8 annually until 2025. The report shall include, but not be  
9 limited to, all of the following:

10 (1) The number and a description of the contracts  
11 entered into with pharmaceutical benefits managers or  
12 other pharmaceutical drug purchasing agents.

13 (2) The number and a description of entities that elect  
14 to participate in pharmaceutical purchasing coordinated by  
15 the Illinois Pharmaceutical Collaborative.

16 (3) The per month cost of pharmaceuticals for each  
17 member agency.

18 (4) Other options and strategies that have been or will  
19 be undertaken by the Illinois Pharmaceutical Collaborative  
20 in accordance with this Act.

21 (5) The progress made with regard to the investigation  
22 and implementation of options and strategies to achieve the  
23 greatest savings on pharmaceuticals.

24 (6) The estimated cost savings attributable to  
25 activities that have been or will be undertaken by the

1 Illinois Pharmaceutical Collaborative.