

1 AN ACT in relation to public aid.

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

4 Section 5. The Illinois Public Aid Code is amended by  
5 changing Section 5-5.12 and adding Section 5-5.12b as  
6 follows:

7 (305 ILCS 5/5-5.12) (from Ch. 23, par. 5-5.12)

8 Sec. 5-5.12. Pharmacy payments.

9 (a) Every request submitted by a pharmacy for  
10 reimbursement under this Article for prescription drugs  
11 provided to a recipient of aid under this Article shall  
12 include the name of the prescriber or an acceptable  
13 identification number as established by the Department.

14 (b) Pharmacies providing prescription drugs under this  
15 Article shall be reimbursed at a rate which shall include a  
16 professional dispensing fee as determined by the Illinois  
17 Department, plus the current acquisition cost of the  
18 prescription drug dispensed. The Illinois Department shall  
19 update its information on the acquisition costs of all  
20 prescription drugs no less frequently than every 30 days.  
21 However, the Illinois Department may set the rate of  
22 reimbursement for the acquisition cost, by rule, at a  
23 percentage of the current average wholesale acquisition cost.

24 (b-5) The State's Medicaid plan shall provide for a  
25 program of differential dispensing fees for pharmacies that  
26 (i) provide prescriptions for adult care homes under a unit  
27 dose system in accordance with rules and regulations of the  
28 State Board of Pharmacy and (ii) participate in the return of  
29 unused medications program under this Article V.

30 The State's Medicaid plan shall include provisions for  
31 differential ingredient cost reimbursement of generic and

1 brand name pharmaceuticals. The Department of Public Aid  
2 shall set the rates for differential cost reimbursement of  
3 generic and brand name pharmaceuticals by rule.

4 (c) Reimbursement under this Article for prescription  
5 drugs shall be limited to reimbursement for 4 brand-name  
6 prescription drugs per patient per month. This subsection  
7 applies only if (i) the brand-name drug was not prescribed  
8 for an acute or urgent condition, (ii) the brand-name drug  
9 was not prescribed for Alzheimer's disease, arthritis,  
10 diabetes, HIV/AIDS, a mental health condition, or respiratory  
11 disease, and (iii) a therapeutically equivalent generic  
12 medication has been approved by the federal Food and Drug  
13 Administration.

14 Except where a prescriber has personally written  
15 "dispense as written" or "D.A.W.," or has signed the  
16 prescriber's name on the "dispense as written" signature  
17 line, the Department of Public Aid may limit reimbursement  
18 for a prescription under the medical assistance program to  
19 the multisource generic equivalent drug.

20 No pharmacist participating in the medical assistance  
21 program shall be required to dispense a prescription-only  
22 drug that will not be reimbursed by the medical assistance  
23 program.

24 (d) The Department shall not impose requirements for  
25 prior approval based on a preferred drug list for  
26 anti-retroviral or any atypical antipsychotics, conventional  
27 antipsychotics, or anticonvulsants used for the treatment of  
28 serious mental illnesses until 30 days after it has conducted  
29 a study of the impact of such requirements on patient care  
30 and submitted a report to the Speaker of the House of  
31 Representatives and the President of the Senate.

32 (e) No requirements for prior authorization or other  
33 restrictions on medications used to treat mental illnesses  
34 such as schizophrenia, depression, or bipolar disorder may be

1 imposed on recipients of medical assistance. Medications that  
2 must be made be available under the State's Medicaid plan  
3 without restriction for persons with mental illnesses include  
4 atypical antipsychotic medications, conventional  
5 antipsychotic medications, and other medications used for the  
6 treatment of mental illnesses.

7 (f) A prescription medication prescribed for a recipient  
8 of medical assistance or a person who becomes eligible for  
9 medical assistance shall not be subject to any requirement  
10 for prior authorization under the State's Medicaid plan  
11 unless (i) the prescription, including all authorized  
12 refills, has expired or (ii) the practitioner who prescribed  
13 the medication for the recipient prescribes a different  
14 medication.

15 (Source: P.A. 92-597, eff. 6-28-02; 92-825, eff. 8-21-02;  
16 revised 9-19-02.)

17 (305 ILCS 5/5-5.12b new)

18 Sec. 5-5.12b. Preferred drug formulary.

19 (a) The Department of Public Aid may establish a  
20 statewide advisory committee pursuant to Section 12-4.20 of  
21 this Code to advise the Department in the development of a  
22 preferred formulary listing of drugs covered by the medical  
23 assistance program.

24 (b) The Department shall evaluate drugs and drug classes  
25 for inclusion in the State Medicaid preferred drug formulary  
26 based on safety, effectiveness, and clinical outcomes of  
27 treatments. In addition, the Department shall evaluate drugs  
28 and drug classes to determine whether inclusion of those  
29 drugs or drug classes in a starter-dose program would be  
30 clinically efficacious and cost effective. If the factors of  
31 safety, effectiveness, and clinical outcomes among drugs  
32 being considered in the same class indicate no therapeutic  
33 advantage, then the Department shall consider the cost

1 effectiveness and the net economic impact of the drugs in  
2 making recommendations for inclusion in the State Medicaid  
3 preferred drug formulary. Drugs that do not have a  
4 significant, clinically meaningful therapeutic advantage in  
5 terms of safety, effectiveness, or clinical outcomes over  
6 other drugs in the same class that have been selected for the  
7 preferred drug formulary may be excluded from the preferred  
8 drug formulary and may be subject to prior authorization in  
9 accordance with State and federal law, except for cases in  
10 which, before July 1, 2004, a prescriber has personally  
11 written "dispense as written" or "D.A.W." or has signed the  
12 prescriber's name on the "dispense as written" signature  
13 line.

14 (c) The Department shall consider the net economic  
15 impact of drugs selected or excluded from the preferred drug  
16 formulary and may gather information on the costs of specific  
17 drugs, rebates, or discounts pursuant to 42 U.S.C. 1396r-8,  
18 dispensing costs, dosing requirements, and utilization of  
19 other drugs or other Medicaid health care services.

20 (d) The Department may accept all services, including,  
21 but not limited to, disease state management, associated with  
22 the delivery of pharmacy benefits under the medical  
23 assistance program having a determinable cost effect, in  
24 addition to the Medicaid prescription drug rebates required  
25 pursuant to 42 U.S.C. section 1396r-8.

26 (e) The Department shall submit the State Medicaid  
27 preferred drug formulary to the drug utilization review  
28 program established under Section 11-26.1 of this Code for  
29 review and policy recommendations.

30 Section 99. Effective date. This Act takes effect upon  
31 becoming law.