

# SB1759



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

SB1759

Introduced 2/9/2011, by Sen. John J. Millner

#### SYNOPSIS AS INTRODUCED:

305 ILCS 5/5-5.12b new

Amends the Illinois Public Aid Code. Provides that the Department of Healthcare and Family Services shall require all generic drug manufacturers whose products are to be provided to Medicaid recipients to compete in a competitive bidding process created by the Department to ensure that the Department is providing Medicaid recipients with quality generic products at a competitively bid cost.

LRB097 09928 KTG 50092 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning 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 adding Section Section 5-5.12b as follows:

6 (305 ILCS 5/5-5.12b new)

7 Sec. 5-5.12b. Medicaid Generic Drug Competition and  
8 Savings.

9 (a) Definitions. As used in this Section:

10 "Medicaid" means the medical assistance program  
11 established under this Article or the federal medical  
12 assistance program established under Title XIX of the Social  
13 Security Act.

14 "Generics" or "generic drugs" means copies of brand-name  
15 drugs that are no longer protected by patents, including drugs  
16 that contain the same active ingredients, are identical in  
17 strength, dosage form, and route of administration as the  
18 brand-name innovator drug, and have the same indications,  
19 dosing, and labeling and provide the same efficacy and safety  
20 profile to patients as the brand-name innovator drugs.

21 "Generic manufacturers" means manufacturers, both domestic  
22 and international, that manufacture generic drugs and  
23 distribute those generic drugs throughout the State of Illinois

1 through various distribution systems.

2 "Competitive bidding" means a transparent procedure in  
3 which bids from generic manufacturers are invited by openly  
4 advertising the scope, specifications, terms, and conditions  
5 of the proposed contract as well as the criteria by which the  
6 bids will be evaluated. The objective of competitive bidding is  
7 obtaining goods at the lowest prices by stimulating competition  
8 and by preventing favoritism.

9 (b) Legislative Findings.

10 (1) With every prescription filled with a generic, the  
11 consumer receives the same medicine as the brand-name drug,  
12 with the same quality and same result, but at a much lower  
13 cost.

14 (2) For more than 25 years, America's generic  
15 pharmaceutical industry has been providing Food and Drug  
16 Administration (FDA) approved generic versions of  
17 brand-name medicines at a savings to consumers of 30% to as  
18 much as 80%.

19 (3) Millions of Medicaid recipients nationwide are  
20 using generics to treat a variety of medical conditions,  
21 including infection, heart disease, and cancer. Generics  
22 are rigorously tested by the FDA and must prove that they  
23 are the same medicine with the same active ingredients,  
24 strengths, and dosages as their brand-name counterparts.  
25 Today, there are thousands of generic drugs available and  
26 all are manufactured and inspected under the same strict

1 quality guidelines as brand-name drugs.

2 (4) For most brand-name products there are multiple  
3 generics available and these generics can vary greatly in  
4 price.

5 (5) While the State Medicaid program has encouraged the  
6 use of generic drugs by Medicaid recipients, it has not  
7 taken advantage of the savings that could be generated by  
8 taking advantage of the competition among generic  
9 manufacturers whose pricing of generic drugs varies  
10 greatly.

11 (c) Competitive Bidding. The Department of Healthcare and  
12 Family Services shall require all generic drug manufacturers  
13 whose products are to be provided to Medicaid recipients to  
14 compete in a competitive bidding process created by the  
15 Department to ensure that the Department is providing Medicaid  
16 recipients with quality generic products at a competitively bid  
17 cost.