ASSEMBLY HEALTH COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2840

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 24, 2022

The Assembly Health Committee reports favorably and with committee amendments Assembly Bill No. 2840.

As amended by the committee, this bill establishes data reporting requirements for pharmacy benefits managers (PBMs), wholesale drug distributors, insurance issuers, and manufacturers so that the Division of Consumer Affairs can issue an annual report on emerging trends in prescription drug pricing at each stage of the supply chain. Every year, each of these reporting entities must register with the department and report on measures such as the volume, sales, revenue and year-over-year change in prescription drug transactions. Once the department compiles this information and publishes its annual report on prescription drug pricing trends, it must hold a public hearing on the findings.

The bill also mandates that a manufacturer notify the department if it is increasing the price of a prescription drug or if it is introducing: a new drug with a wholesale acquisition cost of $670 per unit or more or a biosimilar drug that has a wholesale acquisition cost that is not at least 15 percent less than the wholesale acquisition cost of the referenced brand biologic at the time the biosimilar is launched. The price increase reporting requirement applies in any case where a manufacturer increases the wholesale acquisition cost by more than 10 percent per unit for any brand-name drug or any generic drug priced at more than $10 per unit.

The bill appropriates from the General Fund to the Division of Consumer Affairs in the Department of Law and Public Safety $900,000 to implement the provisions of the bill.

COMMITTEE AMENDMENTS:

The committee amendments:

(1) add and amend certain definitions for terms used in the bill;

(2) add reporting requirements for pharmacy services administrative organizations, including disclosure of: the negotiated reimbursement rates for the 25 drugs with highest reimbursements; the 25 prescription drugs with the highest year-to-year change in reimbursement rates; and the schedule of fees charged to pharmacies;

(3) add reporting requirements for manufacturers of insulin products, including disclosure of certain sales and pricing features of those products;

(4) replace the $670 price threshold for manufacturer reporting of new drugs with the Medicare Part D specialty threshold;

(5) prohibit the division from disclosing any information specific to an individual reporting entity or that the division determines has the potential to compromise the financial, competitive, or proprietary nature of the information. The confidentiality provisions of the bill apply to any downstream third party that may receive or otherwise have access to confidential information;

(6) provide that a person who is authorized to access information submitted by an individual reporting entity to the division who knowingly discloses such information to any person or entity who is not authorized to access the information is guilty of a crime of the fourth degree and subject to a civil penalty in an amount not to exceed $10,000; and

(7) provide that records, documents, or data provided pursuant to the bill are not be considered government records.