
A BILL FOR AN ACT

RELATING TO HEALTHCARE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the Sovereign States
2 Drug Consortium (Consortium) is a collaborative group of state
3 medicaid programs organized as a collective medicaid purchasing
4 and rebate pool to provide residents of member states with
5 quality pharmaceutical care while controlling costs. The
6 Consortium is the only state-owned drug rebate pool approved by
7 the federal Centers for Medicare and Medicaid Services to
8 leverage the purchasing power of its member states' collective
9 residents while providing each state with full ownership of its
10 respective medicaid drug purchasing contracts.

11 The primary activity of the Consortium is a medicaid drug
12 rebate program that negotiates for rebates that are in addition
13 to those required under the federal medicaid drug rebate
14 program. Participation in the Consortium allows member states
15 to negotiate contracts directly with and access rebates directly
16 from the manufacturers of prescription drugs and durable medical
17 equipment purchased through state medicaid programs. The



1 Consortium contracts with a third party to administer the rebate
2 solicitation, negotiation, and evaluation process. This allows
3 states greater flexibility in medicaid purchasing contracts and
4 greater access to rebates and discounts negotiated by the
5 Consortium.

6 The purpose of this Act is to require the department of
7 human services to enroll Hawaii as a member of the Sovereign
8 States Drug Consortium to lower medicaid purchasing and
9 administrative costs to the State.

10 SECTION 2. The director of human services, on behalf of
11 the State, is authorized to apply for membership in the
12 Consortium, and shall apply for membership upon approval of this
13 Act.

14 SECTION 3. The department of human services and department
15 of health may seek grants from private or federal sources to
16 assist the department of human services in funding membership of
17 the State in the Consortium.

18 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

JAN 18 2019



Report Title:

Sovereign States Drug Consortium; Medicaid; Department of Human Services; Department of Health

Description:

Requires the Department of Human Services to enroll Hawaii as a member in the Sovereign States Drug Consortium to lower medicaid purchasing and administrative costs to the State.

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