



Ohio Revised Code

Section 5167.24 Third-party administrator as single pharmacy benefit manager.

Effective: October 17, 2019

Legislation: House Bill 166 - 133rd General Assembly

(A) If the department of medicaid includes prescribed drugs in the care management system as authorized under section 5167.05 of the Revised Code, the medicaid director, through a procurement process, shall select a third-party administrator to serve as the single pharmacy benefit manager used by medicaid managed care organizations under the care management system. The state pharmacy benefit manager shall be responsible for processing all pharmacy claims under the care management system. The department of medicaid is responsible for enforcing the contract after the procurement process.

(B) As part of the procurement process, the director shall do all of the following:

(1) Accept applications from entities seeking to become the state pharmacy benefit manager;

(2) Establish eligibility criteria an entity must meet in order to become the state pharmacy benefit manager;

(3) Select and contract with a single state pharmacy benefit manager;

(4) Develop a master contract to be used by the director when contracting with the state pharmacy benefit manager, which shall prohibit the state pharmacy benefit manager from requiring a medicaid recipient to obtain a specialty drug from a specialty pharmacy owned or otherwise associated with the state pharmacy benefit manager.

(C) A prospective state pharmacy benefit manager shall disclose to the director all of the following during the procurement process:

(1) Any activity, policy, practice, contract or arrangement of the state pharmacy benefit manager that may directly or indirectly present any conflict of interest with the pharmacy benefit manager's relationship with or obligation to the department or a medicaid managed care organization;



(2) All common ownership, members of a board of directors, managers, or other control of the pharmacy benefit manager (or any of the pharmacy benefit manager's affiliated companies) with any of the following:

(a) A medicaid managed care organization and its affiliated companies;

(b) An entity that contracts on behalf of a pharmacy or any pharmacy services administration organization and its affiliated companies;

(c) A drug wholesaler or distributor and its affiliated companies;

(d) A third-party payer and its affiliated companies;

(e) A pharmacy and its affiliated companies.

(3) Any direct or indirect fees, charges, or any kind of assessments imposed by the pharmacy benefit manager on pharmacies licensed in this state with which the pharmacy benefit manager shares common ownership, management, or control; or that are owned, managed, or controlled by any of the pharmacy benefit manager's affiliated companies;

(4) Any direct or indirect fees, charges, or any kind of assessments imposed by the pharmacy benefit manager on pharmacies licensed in this state

(6) Any financial terms and arrangements between the pharmacy benefit manager and a prescription drug manufacturer or labeler, including formulary management, drug substitution programs, educational support claims processing, or data sales fees.

(D) The director shall select a provisional state pharmacy benefit manager not later than July 1, 2020.

(1) Once a provisional state pharmacy benefit manager has been selected, full implementation of the entity as the state pharmacy benefit manager shall be subject to that entity's demonstrated ability to



fulfill the duties and obligations of the state pharmacy benefit manager as illustrated through a readiness review process established by the director. Any entity failing to complete the readiness review process shall be deemed as having not met the criteria of the review process. The selected entity shall not enter into contracts with the department or medicaid managed care organizations as the state pharmacy benefit manager before the date on which the entity has satisfactorily completed the readiness review process.

(2) If the director determines that, for reasons beyond the director's control, selection of a provisional state pharmacy benefit manager cannot occur before July 1, 2020, the director shall notify the joint medicaid oversight committee of the reasons for the delay and identify the steps the director is taking to complete the selection as expeditiously as possible.