

PART C

Section 1. Legislative intent. (a) The legislature finds that New York leads the nation in Medicaid spending per capita and ranks third highest in overall health care spending per capita. Despite this extraordinary level of spending, 2.3 million New Yorkers are uninsured and New York's health care system is ranked average among states and below average on hospitalizations that could have been avoided if patients had timely access to quality outpatient care. It is the intent of this legislation to ensure that New Yorkers have access to a high-performing health system and that New York Medicaid buys quality, cost-effective care by:

implementing a transparent and accurate inpatient reimbursement system that rewards quality and efficiency; investing in ambulatory care services and supporting the development of health care homes; supporting providers that serve uninsured patients; increasing affordable coverage in partnership with the federal government; investing in health information technology; and more effectively and efficiently managing pharmaceutical benefits.

With respect to improper influences exerted on prescribing decisions and the lack of transparency in the administration of pharmacy benefits by pharmacy benefit managers, the legislature finds that:

The pharmaceutical, biological product and medical device industries spend billions of dollars annually to attempt to influence prescribers' decisions about which drugs or other treatment to prescribe to their patients, including more than half of all formal continuing medical education programs.

Legislation is necessary to prohibit drug and device manufacturers from making payments to prescribers in an attempt to influence their prescribing decisions and further to require prescribers and manufacturers to disclose the things of value that are legitimately transferred from drug and device manufacturers to prescribers.

There is compelling evidence that the vast majority of physicians accept some type of gift or payment from pharmaceutical and medical device manufacturers, and often such gifts and payments, even when of little value, influence physicians to prescribe treatments that are more expensive and no more effective or safe, and are sometimes less effective and more dangerous, than other available treatments.

Legislation is necessary to prohibit presenters at continuing professional education programs from providing false or misleading information to prescribers and to require all potential conflicts of interest be disclosed to attendees of such programs.

Drug manufacturers, including labelers, make payments to pharmacy benefit managers and their affiliates in an effort to influence the drugs covered by the health plans which contract with the pharmacy benefit manager and, therefore, the drugs purchased by the health plans' participants. Health plans have been unable to obtain from pharmacy benefit managers information about these payments and other information material to a health plan's choice of pharmacy benefit manager and to the health plan's evaluation of the quality and value of the pharmacy benefit services it receives.

Legislation is needed to require pharmacy benefit managers to disclose to the health plans that contract with them basic information about their financial dealings that affect the health plans and their participants.