

ASSEMBLY BILL

No. 1398

Introduced by Assembly Member Papan

February 26, 1999

An act to amend Section 14105.3 of the Welfare and Institutions Code, relating to health.

LEGISLATIVE COUNSEL'S DIGEST

AB 1398, as introduced, Papan. Medi-Cal: administration.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons. Existing law relating to the administration of the Medi-Cal program requires the department to contract with manufacturers of single-source drugs on a negotiated basis, and with manufacturers of multisource drugs on a bid or negotiated basis.

This bill would make technical, nonsubstantive changes to the above provisions.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 14105.3 of the Welfare and
2 Institutions Code is amended to read:
3 14105.3. (a) The department is considered to be the
4 purchaser, but not the dispenser or distributor, of

1 prescribed drugs under the Medi-Cal program for the
2 purpose of enabling the department to obtain from
3 manufacturers of prescribed drugs the most favorable
4 price for ~~such~~ *those* drugs furnished by one or more
5 manufacturers, based upon the large quantity of such
6 drugs purchased under the Medi-Cal program, and to
7 enable the department, notwithstanding any other
8 provision of California law, to obtain from ~~such~~ *the*
9 manufacturers discounts, rebates, or refunds based on
10 ~~such~~ quantities purchased under ~~said~~ *the* program,
11 insofar as may be permissible under federal law. Nothing
12 in this section shall interfere with usual and customary
13 distribution practices in the drug industry.

14 (b) The department may enter into exclusive or
15 nonexclusive contracts on a bid or negotiated basis with
16 manufacturers, distributors, dispensers, or suppliers of
17 appliances, durable medical equipment, medical
18 supplies, and other product-type health care services and
19 with laboratories for clinical laboratory services for the
20 purpose of obtaining the most favorable prices to the state
21 and to assure adequate quality of the product or service.
22 This subdivision shall not apply to pharmacies licensed
23 pursuant to Section 4080 of the Business and Professions
24 Code.

25 (c) The department shall begin negotiation for
26 contracts with manufacturers of durable medical
27 equipment and for contracts with clinical laboratories for
28 the provision of clinical laboratory services not later than
29 August 31, 1993. The department shall not enter into a
30 contract with a clinical laboratory unless the clinical
31 laboratory is licensed pursuant to California state law or
32 certified under Section 263a of Title 42 of the United
33 States Code.

34 (d) The department shall contract with
35 manufacturers of single-source drugs on a negotiated
36 basis; and with manufacturers of multisource drugs on a
37 bid or negotiated basis.

38 (e) In order to achieve maximum cost savings the
39 Legislature hereby determines that an expedited
40 contract process for contracts under this section is



1 necessary. Therefore contracts under this section shall be
2 exempt from Chapter 2 (commencing with Section
3 10290) of Part 2 of Division 2 of the Public Contract Code.
4 Contracts shall have no force and effect unless approved
5 by the Department of Finance.

6 (f) The department may contract with less than all
7 manufacturers or clinical laboratories including only one
8 manufacturer or clinical laboratory, on a bid or nonbid
9 basis.

