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Bill Analysis
Legislative Service Commission

S.B. 14

126th General Assembly
(As Introduced)

Sens. Hagan, Brady, Dann, Fedor, Fingerhut, Mallory, Miller, Prentiss, Roberts, Wilson, Jr., Zurz

BILL SUMMARY

- Creates the Drug Importation Program under which public employee benefit plans are permitted to purchase drugs from approved drug distributors located outside the United States.
- Requires the State Board of Pharmacy to adopt rules governing the Program, including rules for the approval of nondomestic distributors.

CONTENT AND OPERATION

Drug importation program created

(R.C. 4729.90(A) and (B))

The bill establishes the Drug Importation Program for use by public employee benefit plans.¹ Under the Program, a public employee benefit plan that provides coverage of dangerous drugs² is permitted to purchase drugs approved by

¹ *The bill provides that the term "public employee benefit plan" has the same meaning that is used in specified insurance laws. Although the term is not expressly defined in the those laws, they require public employee benefit plans to comply with certain requirements that apply to other types of health insurers. These requirements include the provision of mandated health benefits, establishment of a mechanism for external review of coverage decisions, and use of standardized cards or technology for submission of prescription drug claims. (R.C. 3923.53, 3923.61, 3923.65, 3923.75 to 3923.77, and 3923.83, not in the bill.)*

² *"Dangerous drugs" are generally the drugs that can be dispensed only pursuant to a prescription (R.C. 4729.01, not in the bill).*

the United States Food and Drug Administration from a terminal distributor³ or a wholesale distributor⁴ of dangerous drugs located outside the United States. The distributor must have been approved by the State Board of Pharmacy as a nondomestic distributor.

Approval of nondomestic distributors

(R.C. 4729.90(D)(1) and (E))

On receipt of a request for approval as a nondomestic distributor, the bill permits the Board to conduct an inspection of a terminal or wholesale distributor of dangerous drugs. The bill specifies that the Board may approve the distributor only if the distributor meets the standards the Board establishes by rule.

The bill requires the Board to adopt rules that include standards and procedures under which it may approve nondomestic distributors. The rules must be adopted in accordance with the Administrative Procedure Act (R.C. Chapter 119.).

Registry of nondomestic distributors

(R.C. 4729.90(C))

The bill requires the Board to establish and maintain on an internet web site a registry listing each terminal or wholesale distributor of dangerous drugs approved by the Board as a nondomestic distributor. The web site must be accessible to the public and include the following information regarding each nondomestic distributor:

(1) Name, address, telephone number, fax number, and e-mail address;

(2) Name and manufacturer (if the manufacturer is not the distributor) of each dangerous drug the distributor is authorized to sell under the Drug Importation Program;

³ A "terminal distributor of dangerous drugs" is generally an entity that is engaged in the sale of dangerous drugs at retail. The term includes pharmacies, hospitals, nursing homes, laboratories, and all other entities that procure dangerous drugs for sale or other distribution by or under the supervision of a pharmacist or prescriber. (R.C. 4729.01, not in the bill.)

⁴ A "wholesale distributor of dangerous drugs" is any entity engaged in the sale of dangerous drugs at wholesale, and includes any agent or employee of an entity authorized by that entity to engage in the sale of dangerous drugs at wholesale (R.C. 4729.01, not in the bill).

(3) Name and address of any agent of the distributor located in Ohio or anywhere else in the United States.

Other program rules

(R.C. 4729.90(D))

In addition to the rules for approval of nondomestic distributors, the bill requires the Board to adopt other rules governing the Drug Importation Program. The rules are to be adopted in accordance with the Administrative Procedure Act and must include the following:

(1) Standards and procedures governing a state employee benefit plan's purchase of dangerous drugs from a nondomestic distributor;

(2) Any categories of drugs or types of diseases for which a nondomestic distributor cannot receive approval from the Board to sell drugs to a public employees benefit plan;

(3) Any other rules the Board considers necessary for the implementation and administration of the Drug Importation Program.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	01-25-05	p. 72

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