

GOVERNMENT CODE

SECTION 14977-14982

14977. As used in this chapter, "department" means the Department of General Services.

14977.1. (a) Notwithstanding any other provision of law, the Department of General Services may enter into exclusive or nonexclusive contracts on a bid or negotiated basis with manufacturers and suppliers of single source or multisource drugs. The department may obtain from those manufacturers and suppliers, discounts, rebates, or refunds based on quantities purchased insofar as permissible under federal law. Contracts entered into pursuant to this chapter may include price discounts, rebates, refunds, or other strategies aimed at managing escalating prescription drug prices.

(b) Contracts under this chapter shall be exempt from Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code.

14977.5. (a) The following state agencies shall participate in the prescription drug bulk purchasing program authorized under this chapter.

- (1) State Department of Mental Health.
- (2) Department of Corrections.
- (3) Department of the Youth Authority.
- (4) State Department of Developmental Services.

(b) Any state, district, county, city, municipal, or public agency governmental entity, other than a state entity specified in subdivision (a), may elect to participate in the coordinated purchasing program.

14978. The department, in consultation with the agencies listed in subdivision (a) of Section 14977.5, may investigate and implement other options and strategies to achieve the greatest savings on prescription drugs with prescription drug manufacturers and wholesalers.

14979. The department may appoint and contract with a pharmaceutical benefits manager or other entity for purposes of the prescription drugs purchased under this chapter. The pharmaceutical benefits manager or other entity may do all of the following:

(a) Negotiate price discounts, rebates, or other options that achieve the greatest savings on prescription drugs with prescription drug manufacturers and wholesalers.

(b) Purchase prescription drugs for participating state, district,

county, or municipal governmental entities.

(c) Act as a consultant to the department.

14980. The department may explore additional strategies for managing the increasing costs of prescription drugs, including:

(a) Coordinating programs offered by pharmaceutical manufacturers that provide prescription drugs for free or at reduced prices.

(b) Studying the feasibility and appropriateness of including in the bulk purchasing programs entities in the private sector, including employers, providers, and individual consumers.

(c) Implementing other strategies, as permitted under state and federal law, aimed at managing escalating prescription drug prices.

14982. (a) It is the intent of the Legislature that the Department of General Services, University of California, and the Public Employees' Retirement System regularly meet and share information regarding each agency's procurement of prescription drugs in an effort to identify and implement opportunities for cost savings in connection with this procurement. It is the intent of the Legislature that the University of California and the Public Employees' Retirement System cooperate with the department in order to reduce each agency's costs for prescription drugs.

(b) The department shall do all of the following:

(1) Share information on a regular basis with the University of California and the Public Employees' Retirement System regarding each agency's procurement of prescription drugs, including, but not limited to, prices paid for the same or similar drugs and information regarding drug effectiveness.

(2) Identify opportunities for the department, the University of California, and the Public Employees' Retirement System to consolidate drug procurement or engage in other joint activities that will result in cost savings in the procurement of prescription drugs.

(3) Participate in at least one independent association that develops information on the relative effectiveness of prescription drugs.

(4) Develop strategies, in consultation with the affected agencies, for the state to achieve savings through greater use of generic drugs.

(5) No later than January 1, 2006, and annually thereafter, develop a workplan that includes, but is not limited to, a description of the department's annual activities to reduce the state's costs for prescription drugs and an estimate of cost savings.

(c) Nothing in this section shall be construed to require sharing of information that is prohibited by any other provision of law or contractual agreement, or the disclosure of information that may adversely affect potential drug procurement by any state agency.
