To amend part D of title XVIII of the Social Security Act to provide to the Secretary of Health and Human Services authority similar to the authority of the Secretary of Veterans Affairs to negotiate the lowest possible prices for outpatient prescription drugs, to include in the determination of best price for covered outpatient drugs under the Medicaid Program prices charged by manufacturers to certain Federal agencies, and for other purposes.
Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Prescription Drug
Price Fairness Act”.

SEC. 2. NEGOTIATION OF LOWEST POSSIBLE PRICES FOR
PRESCRIPTION DRUGS UNDER MEDICARE.

Section 1860D–11 of the Social Security Act (42
U.S.C. 1395w–111) is amended by striking subsection (i)
(relating to noninterference) and by inserting the fol-
lowing:

“(i) REQUIREMENT TO NEGOTIATE FOR LOWEST
PRICES.—In order to ensure that beneficiaries enrolled
under prescription drug plans and MA–PD plans pay the
lowest possible price for covered part D drugs, the Sec-
retary shall have and exercise authority similar to that of
the Secretary of Veterans Affairs to purchase prescription
drugs in bulk and to negotiate contracts with manufactur-
ers of covered part D drugs, consistent with the require-
ments and in furtherance of the goals of providing quality
care and containing costs under this part. In exercising
such authority, the Secretary shall negotiate the best pos-
sible prices for such drugs.”.
SEC. 3. INCLUSION OF PRICES CHARGED FOR COVERED OUTPATIENT DRUGS TO CERTAIN FEDERAL AGENCIES IN THE DETERMINATION OF BEST PRICE FOR SUCH DRUGS UNDER THE MEDICAID PROGRAM.

(a) In General.—Clause (i) of section 1927(c)(1)(C) of the Social Security Act (42 U.S.C. 1396r–8(c)(1)(C)) is amended by striking “, excluding—” and all that follows and inserting a period.

(b) Conforming Amendments.—(1) Such section is further amended by striking clause (iii).

(2) Section 1847A(c)(2) of the Social Security Act (42 U.S.C. 1395w–3a(c)(2)) is amended by striking subparagraph (A) and redesignating the succeeding provision accordingly.

(3) Section 1860D–2(d)(1) of such Act (42 U.S.C. 1395w–102(d)(1)) is amended by striking subparagraph (C).

(4) Section 1860D–31(e)(1) of such Act (42 U.S.C. 1395w–131(e)(1)) is amended by striking subparagraph (D).

(c) Effective Date.—The amendments made by this section shall apply with respect to payments for covered outpatient drugs furnished on or after January 1, 2006.
SEC. 4. CLARIFICATION OF AUTHORITY FOR STATES TO NEGOTIATE TOGETHER TO ACHIEVE GREATER DISCOUNTS FROM MANUFACTURERS OF COVERED OUTPATIENT DRUGS.

Section 1927(a) of the Social Security Act (42 U.S.C. 1396r–8(a)) is amended by adding at the end the following new paragraph:

“(7) AUTHORITY FOR STATES TO FORM POOLS TO NEGOTIATE PRICE CONCESSIONS.—In entering into agreements with manufacturers under this section, States may form pools to negotiate price concessions from the manufacturers for covered outpatients drugs.”.

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