

Bill as Introduced

HB 504-FN - AS INTRODUCED

2011 SESSION

11-0814

08/03

HOUSE BILL

504-FN

AN ACT

licensing reverse distributors of drugs and requiring manufacturers and wholesalers to report changes in ownership.

SPONSORS:

Rep. Case, Rock 1; Rep. S. Keans, Straf 1

COMMITTEE:

Commerce and Consumer Affairs

ANALYSIS

This bill licenses reverse distributors of drugs and requires manufacturers and wholesalers to report changes in ownership.

This bill is a request of the board of pharmacy.

Explanation:

Matter added to current law appears in ***bold italics***.

Matter removed from current law appears [~~in brackets and struck through.~~]

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

HB 504-FN – AS INTRODUCED

11-0814
08/03

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Eleven

AN ACT licensing reverse distributors of drugs and requiring manufacturers and wholesalers to report changes in ownership.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 New Paragraph; Definition; Reverse Distributor. Amend RSA 318:1 by inserting after
2 paragraph XXVIII the following new paragraph:

3 XXIX. "Reverse distributor" means a person or persons who facilitate the removal, disposal,
4 or destruction of prescription drugs to persons other than consumers.

5 2 Licensing of Manufacturers and Wholesalers; Reverse Distributors. Amend RSA 318:51-a, I to
6 read as follows:

7 I. No person shall manufacture legend drugs or controlled drugs as that term is defined in
8 RSA 318-B:1, VI and no person as a wholesaler [ø], distributor, **or reverse distributor** shall supply
9 the same without first having obtained a license to do so from the board. Such license shall expire
10 annually on June 30. An application together with a reasonable fee as established by the board shall
11 be filed annually on or before July 1.

12 3 New Paragraph; Change of Ownership; Reporting. Amend RSA 318:51-a by inserting after
13 paragraph IV the following new paragraph:

14 V.(a) The manufacturer, wholesaler, distributor, or broker to which a license has been issued
15 shall, within 30 days of any change of information supplied in the original application, notify the
16 board.

17 (b) The notice required pursuant to subparagraph (a) shall contain:

18 (1) Current New Hampshire license number of the manufacturer, wholesaler,
19 distributor, or broker.

20 (2) Name of the manufacturer, wholesaler, distributor, or broker, old and new, if
21 applicable.

22 (3) Address of the manufacturer, wholesaler, distributor, or broker, old and new, if
23 applicable.

24 (4) Names, addresses, and titles of new corporate officers, partners, or owners.

25 (c) A new license shall be required for a change of ownership of an established
26 manufacturer, wholesaler, distributor, or broker to a successor business entity which results in a
27 change in the controlling interest in the manufacturer, wholesaler, distributor, or broker.

28 4 Effective Date. This act shall take effect 60 days after its passage.

HB 504-FN - AS INTRODUCED
- Page 2 -

LBAO
11-0814
01/19/11

HB 504-FN - FISCAL NOTE

AN ACT licensing reverse distributors of drugs and requiring manufacturers and wholesalers to report changes in ownership.

FISCAL IMPACT:

The Office of Legislative Budget Assistant is unable to complete a fiscal note for this bill as it is awaiting information from the Department of Health and Human Services and the Pharmacy Board. When completed, the fiscal note will be forwarded to the House Clerk's Office.

HB 504-FN - AS AMENDED BY THE HOUSE

15Mar2011... 0698h

2011 SESSION

11-0814
08/03

HOUSE BILL ***504-FN***

AN ACT licensing reverse distributors of drugs and requiring manufacturers, wholesalers, distributors, service distributors, and brokers to report changes in ownership.

SPONSORS: Rep. Case, Rock 1; Rep. S. Keans, Straf 1

COMMITTEE: Commerce and Consumer Affairs

AMENDED ANALYSIS

This bill licenses reverse distributors of drugs.

This bill also requires manufacturers, wholesalers, distributors, reverse distributors, and brokers to report changes in ownership.

.....

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HB 504-FN – AS AMENDED BY THE HOUSE

15Mar2011... 0698h

11-0814
08/03

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Eleven

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19 distributor, reverse distributor, or broker.

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21 old and new, if applicable.

22 (3) Address of the manufacturer, wholesaler, distributor, reverse distributor, or
23 broker, old and new, if applicable.

24 (4) Names, addresses, and titles of new corporate officers, partners, or owners.

25 (c) A new license shall be required for a change of ownership of an established
26 manufacturer, wholesaler, distributor, reverse distributor, or broker to a successor business entity
27 which results in a change in the controlling interest in the manufacturer, wholesaler, distributor,
28 reverse distributor, or broker.

29 4 Effective Date. This act shall take effect 60 days after its passage.

LBAO
11-0814
Revised 02/22/11

HB 504 FISCAL NOTE

AN ACT licensing reverse distributors of drugs and requiring manufacturers and wholesalers to report changes in ownership.

FISCAL IMPACT:

The Board of Pharmacy states this bill will increase state general fund revenues by an indeterminable amount in FY 2011, and by \$11,000 in FY 2012 and each year thereafter. This bill will have no fiscal impact on county and local revenues, or state, county, and local expenditures.

METHODOLOGY:

The Board of Pharmacy states this bill requires licenses for reverse distributors of drugs and new owners of manufactures and wholesalers. The Board estimates approximately eight reverse distributors would be required to register with the Board as a result of this bill. Additionally, the Board estimates 36 manufacturers, wholesalers, distributors, or brokers change ownership annually. The Board states the cost for a single license is \$250, therefore state general fund revenue will increase by \$11,000 (8 reverse distributors + 36 manufacturers = 44 new licenses annually * \$250 per license).

This bill does not appropriate funds or create new positions. However, the Board estimates this bill will divert some Board resources from current functions to process the 44 new licenses. The Board states each new reverse distributor will need to be inspected, requiring roughly 1.5 hours for transportation and labor for one inspector (at Labor Grade 27). Additionally, each license will require 30 minutes of time for one clerk (at \$16 per hour) plus \$5 for paperwork such as postage fees, storage, and supplies. The Board states it will be able to absorb these costs with existing resources.

CHAPTER 111
HB 504-FN - FINAL VERSION

15Mar2011... 0698h

2011 SESSION

11-0814
08/03

HOUSE BILL ***504-FN***

AN ACT licensing reverse distributors of drugs and requiring manufacturers, wholesalers, distributors, service distributors, and brokers to report changes in ownership.

SPONSORS: Rep. Case, Rock 1; Rep. S. Keans, Straf 1

COMMITTEE: Commerce and Consumer Affairs

AMENDED ANALYSIS

This bill licenses reverse distributors of drugs.

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CHAPTER 111
HB 504-FN – FINAL VERSION

15Mar2011... 0698h

11-0814
08/03

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Eleven

AN ACT licensing reverse distributors of drugs and requiring manufacturers, wholesalers,
distributors, service distributors, and brokers to report changes in ownership.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 111:1 New Paragraph; Definition; Reverse Distributor. Amend RSA 318:1 by inserting after
2 paragraph XXVIII the following new paragraph:

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26 manufacturer, wholesaler, distributor, reverse distributor, or broker to a successor business entity
27 which results in a change in the controlling interest in the manufacturer, wholesaler, distributor,
28 reverse distributor, or broker.

29 111:4 Effective Date. This act shall take effect 60 days after its passage.

CHAPTER 111 - FINAL VERSION
HB 504-FN
- Page 2 -

- 1
- 2 Approved: May 31, 2011
- 3 Effective Date: July 30, 2011

Committee Minutes

**SENATE CALENDAR NOTICE
HEALTH AND HUMAN SERVICES**

Senator Jeb Bradley Chairman
 Senator Tom De Blois V Chairman
 Senator Molly Kelly
 Senator Gary Lambert
 Senator Andy Sanborn

For Use by Senate Clerk's Office ONLY	
<input type="checkbox"/>	Bill Status
<input type="checkbox"/>	Docket
<input type="checkbox"/>	Calendar
Proof: <input type="checkbox"/>	Calendar <input type="checkbox"/> Bill Status

Date: April 14, 2011

HEARINGS

Thursday

4/21/2011

HEALTH AND HUMAN SERVICES

LOB 102

1:00 PM

(Name of Committee)

(Place)

(Time)

EXECUTIVE SESSION MAY FOLLOW

1:00 PM HB284-FN

relative to contact lens prescriptions.

1:15 PM HB504-FN

(New Title) licensing reverse distributors of drugs and requiring manufacturers, wholesalers, distributors, service distributors, and brokers to report changes in ownership.

1:30 PM HB479-FN

relative to receivership of nursing homes and other residential health care facilities.

Sponsors:

HB284-FN

Rep. Frank Case

Rep. Steven Cunningham

Rep. John Cebrowski

Rep. Lyle Bulis

Rep. Rich DiPentima

HB504-FN

Rep. Frank Case

Rep. Sandra Keans

HB479-FN

Rep. Laurie Harding

Rep. Alida Millham

Rep. James MacKay

Sen. Matthew Houde

Robyn Dangora 271-4154

Sen. Jeb Bradley

Chairman

Health and Human Services Committee

Hearing Report

TO: Members of the Senate

FROM: Robyn Dangora, Legislative Aide

RE: Hearing report on HB 504-FN – (New Title) licensing reverse distributors of drugs and requiring manufacturers, wholesalers, distributors, service distributors, and brokers to report changes in ownership.

HEARING DATE: April 21, 2011

MEMBERS OF THE COMMITTEE PRESENT: Senator Bradley,
Senator De Blois, Senator Lambert, Senator Sanborn

MEMBERS OF THE COMMITTEE ABSENT: Senator Kelly

Sponsor(s): Rep. Case, Rock 1; Rep. S. Keans, Straf 1

What the bill does: This bill licenses reverse distributors of drugs.
This bill also requires manufacturers, wholesalers, distributors, reverse distributors, and brokers to report changes in ownership.

Who supports the bill: Rep. Case, Rock 1; Rep. S. Keans, Straf 1; Jay Queenan, New Hampshire Board of Pharmacy

Who opposes the bill: No one

Summary of testimony received:

Hearing opened at 1:28 PM

Rep. Frank Case, Rock 1

●Prime sponsor, the bill was sponsored on behalf of the Board of Pharmacy. It allows “reverse distributors” to be included in the business of New Hampshire pharmacies. The term needs to be in statute for the Board to be able to make rules regarding the reverse distributors.

●Pharmacies are in a unique situation—they must order and stock prescription drugs in case patients come in and needs a prescription filled, but the pharmacist does not know which drugs will or will not sell.

- When prescription drugs reach their expiration date a pharmacist cannot put them on the shelf with a half off sticker, as with other products, so these reverse distributors will buy them back at a discount for the manufacturers.
- Speaking to the fiscal note—it actually says the Board will increase revenue for the general fund through licensing these individuals.
- Senator De Blois asked: To clarify, these drugs have a shelf life but the reverse distributors buy them back after they expire?
 - Rep. Case: Yes, that is their business.
 - Senator De Blois: Then they sell the drugs back to the manufacturers?
 - Rep. Case: Yes, it is easier for the manufacturers to do business with a small number of reverse distributors than it would be to buy back from every pharmacy in the country.

Jay Queenan, Executive Director, New Hampshire Board of Pharmacy

- In support, the Board sponsored this bill because it licensed distributors but does not have the authority to license reverse distributors at this time. Reverse distributors are licensed in other states and the practice is quite common.
- The law has never spelled out that the Board be informed when there is a change of ownership of manufacturers, wholesalers, brokers, distributors, or now reverse distributors. This bill requires the organization to inform the Board that there is a change of ownership and who is the new owner.
- Senator Sanborn asked: Do any other industries have reverse distributors?
 - Response: No. However, pharmacists always want guaranteed sales. In order to provide an incentive for pharmacists to stock their drugs, branded manufacturers will take back the drugs because of their residual value. To make it easier for the pharmacists and manufacturers, the manufacturers created a middle-man, the reverse distributors, who contract with the pharmacies. The reverse distributor takes the drugs back, sells them back to the manufacturers, takes a piece of the credit and gives the rest of the credit back to the pharmacists. They also make sure that drugs with no residual value get disposed of properly.
- Senator Sanborn asked: After these prescription drugs reach their expiration date they must be removed from the shelves. What do the reverse distributors and manufacturers do with the expired drugs? Do they out a new expiration date on the bottle and sell them to a third-world nation?
 - Response: I have no reason to believe the drugs are used inappropriately. The ethical branded manufacturers have a history of giving a credit for their expired drugs, mainly to get their drugs into the store.

Hearing closed at 1:36 PM

Fiscal Impact: The Board of Pharmacy states this bill will increase state general fund revenues by an indeterminable amount in FY 2011, and by \$11,000 in FY 2012 and each year thereafter. This bill will have no fiscal impact on county and local revenues, or state, county, and local expenditures.

Action: Pending

rmd
 [file: HB 504-FN report]
 Date: 4/22/11

Speakers

Testimony

GOOD AFTERNOON MR CHAIRMAN + MEMBER OF HEALTH
HUMAN SERVICES COMMITTEE

MY NAME IS FRANK CASE + I STILL REPRESENT ROCK. DIST #1

I HAVE SPONSORED HB-504-FN AT THE REQUEST OF THE
N.H. BOARD OF PHARMACY. HB504-FN INCLUDES "REVERSE
DISTRIBUTORS" AS A GROUP THAT ARE INVOLVED IN BUSINESS
WITH N.H. PHARMACIES.

PHARMACISTS ARE IN A UNIQUE SITUATION, THEY ORDER +
STOCK PRESCRIPTION DRUGS, SOME OF WHICH MAY OR MAY
NOT SELL. WE MUST HAVE THESE AVAILABLE FOR SPACE TO
REMAIN IN BUSINESS. HOWEVER IF THESE DRUGS DO NOT
SELL, SOME TIMES THE MFGS WILL TAKE BACK, BUT WE CAN
NOT PUT THEM OUT ON THE COUNTER WITH A 1/2 PRICE
SIGN ON THEM.

REVERSE DISTRIBUTORS

NOW THERE ARE COMPANIES WHO WILL BUY BACK THESE
PRESCRIPTION DRUGS, OF COURSE AT A DISCOUNT. I AM
SURE THAT THE EXECUTIVE DIRECTOR OF THE BOARD OF
PHARMACY CAN EXPLAIN MUCH BETTER.

I WOULD LIKE TO SPEAK TO THE FISCAL NOTE. NOT LIKE
MOST FISCAL NOTES! IT STATES: THE BOARD OF PHARMACY WILL
INCREASE GENERAL FUND REVENUES BY THE 'UNDETAINED
AMOUNT' IN FY 2011, AND IN FY 2012 WILL INCREASE THE
GENERAL FUND BY \$11,000,000 + EACH YEAR THERE AFTER.

Committee Report

STATE OF NEW HAMPSHIRE
SENATE
REPORT OF THE COMMITTEE

Date: April 28, 2011

THE COMMITTEE ON Health and Human Services

to which was referred House Bill 504-FN

AN ACT

(New Title) licensing reverse distributors of drugs and requiring manufacturers, wholesalers, distributors, service distributors, and brokers to report changes in ownership.

Having considered the same, the committee recommends that the Bill:

OUGHT TO PASS

BY A VOTE OF: 4-0

AMENDMENT # s

Senator Andy Sanborn
For the Committee

Robyn Dangora 271-7585

New Hampshire General Court - Bill Status System

Docket of HB504

Docket Abbreviations

Bill Title: (New Title) licensing reverse distributors of drugs and requiring manufacturers, wholesalers, distributors, service distributors, and brokers to report changes in ownership.

Official Docket of HB504:

Date	Body	Description
1/21/2011	H	Introduced 1/6/2011 and Referred to Commerce and Consumer Affairs; HJ 11 , PG. 189
2/9/2011	H	Public Hearing: 3/4/2011 11:30 AM LOB 302
3/1/2011	H	Executive Session: 3/9/2011 9:00 AM LOB 302
3/9/2011	H	Committee Report: Ought to Pass with Amendment #0698h(NT) for Mar 15 (Vote 16-0; CC); HC 22 , PG.525
3/9/2011	H	Proposed Committee Amendment # 2011-0698h (New Title); HC 23 , PG.638-639
3/15/2011	H	Amendment #0698h (New Title) Adopted, VV; HJ 26 , PG.704
3/15/2011	H	Ought to Pass with Amendment #0698h(NT): MA VV; HJ 26 , PG.704
3/30/2011	S	Introduced and Referred to Health and Human Services; SJ 12 , Pg.244
4/14/2011	S	Hearing: 4/21/11, Room 102, LOB, 1:15 p.m.; SC20
4/28/2011	S	Committee Report: Ought to Pass, 5/4/11; SC22
5/4/2011	S	Ought to Pass, MA, VV; OT3rdg; SJ 15 , Pg.307
5/4/2011	S	Passed by Third Reading Resolution; SJ 15 , Pg.312
5/18/2011	S	Enrolled
5/18/2011	H	Enrolled; HJ 44 , PG.1564
6/1/2011	H	Signed By Governor 05/31/2011; Effective 07/30/2011; Chapter 0111

NH House

NH Senate

Other Referrals

COMMITTEE REPORT FILE INVENTORY

HB504-FN ORIGINAL REFERRAL _____ RE-REFERRAL

1. THIS INVENTORY IS TO BE SIGNED AND DATED BY THE COMMITTEE AIDE AND PLACED INSIDE THE FOLDER AS THE FIRST ITEM IN THE COMMITTEE FILE.
2. PLACE ALL DOCUMENTS IN THE FOLDER FOLLOWING THE INVENTORY IN THE ORDER LISTED.
3. THE DOCUMENTS WHICH HAVE AN "X" BESIDE THEM ARE CONFIRMED AS BEING IN THE FOLDER.
4. THE COMPLETED FILE IS THEN DELIVERED TO THE CALENDAR CLERK.

DOCKET (Submit only the latest docket found in Bill Status)

COMMITTEE REPORT

CALENDAR NOTICE

HEARING REPORT

~~NA~~ HANDOUTS FROM THE PUBLIC HEARING

PREPARED TESTIMONY AND OTHER SUBMISSIONS

SIGN-UP SHEET(S)

ALL AMENDMENTS (passed or not) CONSIDERED BY COMMITTEE:

____ - AMENDMENT # ____ ____ - AMENDMENT # ____
____ - AMENDMENT # ____ ____ - AMENDMENT # ____

ALL AVAILABLE VERSIONS OF THE BILL:

AS INTRODUCED AS AMENDED BY THE HOUSE
 FINAL VERSION ____ AS AMENDED BY THE SENATE

____ OTHER (Anything else deemed important but not listed above, such as amended fiscal notes): _____

IF YOU HAVE A RE-REFERRED BILL, YOU ARE GOING TO MAKE UP A DUPLICATE FILE FOLDER

DATE DELIVERED TO SENATE CLERK

8/11/11

Rolyn (Cay Susan)
By COMMITTEE AIDE