

PRELIMINARY STAFF MEASURE SUMMARY

CARRIER:

Senate Committee on Health Care

REVENUE: May have revenue impact, statement not yet issued**FISCAL: May have fiscal impact, statement not yet issued****Action:****Vote:****Yeas:****Nays:****Exc.:****Prepared By:** Sandy Thiele-Cirka, Administrator**Meeting Dates:** 2/2

WHAT THE MEASURE DOES: Authorizes Department of Consumer and Business Services (DCBS) to adopt by rule fees that are reasonably calculated to pay costs associated with administering laws regulating pharmacy benefit managers. Provides DCBS with authority to enforce laws regulating pharmacy benefit managers. Requires pharmacy benefit managers to reimburse network pharmacies for drugs at rate that is not less than price of drugs specified in most recently updated version of the list establishing maximum allowable costs for drugs. Updates and clarifies laws regulating pharmacy benefit managers.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT: -1 amendment: deletes current \$50 registration fee to allow DCBS to adopt “reasonable fees”. Allows DCBS to suspend, revoke or refuse to renew a PBM registration and adds a way to condition a registration. Allows DCBS to recover investigation expenses

BACKGROUND: A pharmacy benefit manager (PBM) is a third party administrator of prescription drug programs, and are primarily responsible for processing and paying prescription drug claims.

In 2013, House Bill 2123 was enacted which requires pharmacy benefit managers to register with the Department of Consumer and Business Services (DCBS); it established limitations and requirements for an audit of a pharmacy by a PBM, an insurer, a third party administrator, a state agency or a person that represents or is employed by one of these entities; and it imposed requirements on a PBM relating to their list of drugs for which maximum allowable costs have been established beginning on January 1, 2015.