

## HB 3012 STAFF MEASURE SUMMARY

### House Committee On Behavioral Health and Health Care

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**Meeting Dates:** 1/25

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#### **WHAT THE MEASURE DOES:**

Requires pharmacy benefit manager (PBM) to annually report specified prescription drug cost, rebates, fee, and claims information to Department of Consumer and Business Services (DCBS). Requires DCBS to publish PBM transparency report on department's website within 60 days of receipt. Authorizes DCBS to impose civil monetary penalty of up to \$1,000 per day, or refuse, revoke, or suspend PBM registration for failure to submit a timely and complete report.

*FISCAL: May have fiscal impact, but no statement yet issued.*

*REVENUE: May have revenue impact, but no statement yet issued.*

#### **ISSUES DISCUSSED:**

#### **EFFECT OF AMENDMENT:**

No amendment.

#### **BACKGROUND:**

Pharmacy benefit managers (PBMs) are companies that help manage prescription drug benefits on behalf of health insurers, self-insured employers, government purchasers, and other payers. PBMs operate in the middle of the prescription drug supply chain, acting as brokers between payers, drug manufacturers, and pharmacies, thereby influencing drug availability, drug pricing, and pharmacy reimbursement. Leveraging volume purchasing, PBMs can negotiate discounts from drug manufacturers (often in the form of rebates) which can help mitigate rising costs of prescription drugs. PBMs are paid for their services using a mix of fees, retained rebates, and other means. PBMs are the subject of scrutiny due in large part to the fact that the amount of discounts they obtain in their negotiations with drug manufacturers are often not publicly disclosed.

In 2018, the Legislative Assembly passed House Bill 4005, creating the Drug Price Transparency Program within DCBS to provide accountability by disclosing specific pricing information from pharmaceutical manufacturers, health insurers, and consumers. The Drug Price Transparency Program gathers information each year about new drugs and high-cost drugs that are reported to the program. In its 2022 Annual Report, the Drug Price Transparency Program recommended increased transparency in the prescription drug supply chain. Similarly, the Prescription Drug Affordability Board (PDAB), created in 2021 by Senate Bill 844, recommended in its inaugural report that PBMs be required to report aggregated rebates and other payments from manufacturers annually to the Drug Price Transparency Program.

House Bill 3012 would require pharmacy benefit managers to annually report specified prescription drug cost, rebates, fee, and claims information to Department of Consumer and Business Services.