

HB 2057 STAFF MEASURE SUMMARY

House Committee On Behavioral Health and Health Care

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Meeting Dates: 3/11

WHAT THE MEASURE DOES:

The measure prohibits pharmacy benefit managers and insurers from requiring 340B pharmacies submit reimbursement claims with a modifier or other indicator that the drug is a 340B drug unless the claim is for reimbursement by the state medical assistance program or otherwise required by law. Takes effect on 91st day following adjournment sine die.

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:

in 1990, Congress created the Medicaid drug rebate program (MDRP) to lower the cost of drugs covered by state Medicaid programs. The MDRP requires drug manufacturers to enter into a rebate agreement with the Secretary of the Department of Health and Human Services (HHS) as a precondition for coverage of the manufacturer's drugs by Medicaid and Medicare Part B. In 1992, Congress expanded this relief through the creation of the 340B drug pricing program. The 340B drug pricing program requires a similar agreement with the HHS Secretary in which the manufacturer agrees to provide front-end discounts on covered outpatient drugs offered by "covered entities" that serve the most vulnerable patient populations. The definition of "covered entities" includes six categories of hospitals and ten categories of non-hospital entities that are eligible based on receiving federal funding and include federally qualified health centers (FQHCs), Ryan White Comprehensive AIDS Resources Emergency (CARE) Act clinics and programs, and Title X family planning clinics.

House Bill 2057 prohibits pharmacy benefit managers and insurers from requiring 340B pharmacies submit reimbursement claims with a modifier or other indicator that the drug is a 340B drug unless the claim is for reimbursement by the state medical assistance program or otherwise required by law.