

HB 1700 -- Pharmacy Benefit Managers

Sponsor: Stevenson

This bill establishes regulations regarding pharmacy benefit managers. In its main provisions, the bill:

(1) Requires pharmacy benefit managers to disclose to the covered person or entity all information pertaining to individual claims, along with an itemized invoice of the actual amounts paid to each pharmacist and pharmacy;

(2) Prohibits pharmacy benefit managers from automatically enrolling pharmacies in contracts or modifying an existing contract without a signed affirmation from the pharmacy or pharmacist, from requiring pharmacies or pharmacists to participate in a particular contract in order to participate in another, and from discriminating between pharmacies or pharmacists on the basis of co-payments or days of supply;

(3) Requires pharmacy benefit managers to use the same National Drug Code price when calculating the reimbursement to the dispensing pharmacy;

(4) Requires prescriptions or modifications to a prescription to remain with the original pharmacy within the pharmacy benefit manager's network and not to be reassigned to a different pharmacy;

(5) Prohibits health benefit plans which provide prescription coverage from reducing, limiting, or denying coverage for any drugs in certain situations;

(6) Specifies that an insurer is allowed to make uniform changes in its benefit design that apply to all covered drugs, uniformly remove a drug from the formulary list for all insureds, or increase cost-sharing obligations only due to a percentage co-insurance payment that necessarily increases with an increase in the underlying drug prices;

(7) Requires all switch communications to clearly identify the originally prescribed medication and disclose any financial incentives or benefits that the health care insurer, pharmacy benefit manager, or prescribing physician has in the patient's decision to switch medications. The patient must also be advised of his or her rights regarding the proposed change and any cost-sharing changes for which he or she is responsible. A copy of any switch communication must also be sent to the prescribing practitioner. Any person who issues or delivers or causes to be issued or delivered a switch communication that has not been

approved, provides a misrepresentation or false statement in a switch communication, or commits any other material violation of these provisions will be subject to a fine of up to \$25,000; and

(8) Allows the prescribing physician to override any step therapy or fail first protocol when the treatment has been ineffective in treating the patient's disease or medical condition or based on sound clinical evidence and medical and scientific evidence is expected to be ineffective or is likely to cause an adverse reaction or other harm. The duration of any step therapy or fail first protocol cannot last longer than 14 days. For medications with no generic equivalent and for which the prescribing physician feels there is no appropriate therapeutic alternative, the health carrier or pharmacy benefit manager is required to provide access to medications labeled by the United States Food and Drug Administration without restriction.