

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 2212 Session of  
2018

INTRODUCED BY HEFFLEY, PICKETT, DAVIS, MCGINNIS, HENNESSEY,  
OBERLANDER, WARD, HAGGERTY, FLYNN, NEILSON, MENTZER, TOEPEL,  
CRUZ, DEASY, KAUFFMAN, J. McNEILL, DRISCOLL, GROVE, HILL-  
EVANS, SAYLOR, HICKERNELL, COX, KEEFER, DeLUCA, FARRY,  
PHILLIPS-HILL, ROTHMAN, HANNA, KLUNK, LONGIETTI, CHARLTON,  
BARRAR, PEIFER, QUIGLEY, MATZIE, KORTZ, HELM, MEHAFFIE,  
B. O'NEILL, GREINER, RAVENSTAHL, FRITZ, BERNSTINE AND  
MARSHALL, JUNE 7, 2018

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,  
JUNE 19, 2018

## AN ACT

1 Amending the act of June 13, 1967 (P.L.31, No.21), entitled "An  
2 act to consolidate, editorially revise, and codify the public  
3 welfare laws of the Commonwealth," in public assistance,  
4 providing for financial disclosures for pharmacy services.

5 The General Assembly of the Commonwealth of Pennsylvania  
6 hereby enacts as follows:

7 Section 1. The act of June 13, 1967 (P.L.31, No.21), known  
8 as the Human Services Code, is amended by adding a section to  
9 read:

10 Section 449.1. Financial Disclosures for Pharmacy  
11 Services.--(a) Any pharmacy benefits manager that contracts  
12 with a medical assistance managed care organization under  
13 contract with the department shall be prohibited from utilizing  
14 any confidentiality provisions which would in effect prohibit  
15 disclosure of information to the medical assistance managed care

1 organization and the department upon its request.

2 (b) Requests by the department may include the payment  
3 methodology for the pharmacy benefits manager which must include  
4 the actual amount paid by the pharmacy benefits manager to a  
5 pharmacy for dispensing an outpatient covered drug or medical  
6 supply item, including, at a minimum, the ingredient cost and  
7 dispensing fee and any other administrative fees.

8 (c) A medical assistance managed care organization that  
9 assigns financial responsibility for determining the dispensing  
10 pharmacy payment methodology, including the ingredient cost and  
11 dispensing fee, shall upon request disclose to the department  
12 all financial terms and payment arrangements that apply between  
13 the medical assistance managed care organization and the  
14 pharmacy benefits manager annually and within ten days of any  
15 changes to the financial terms and payment arrangements. For the  
16 purposes of this act, a pharmacy benefits manager which  
17 contracts with a medical assistance managed care organization  
18 shall maintain records sufficient to provide information for  
19 pharmaceuticals dispensed and paid for by medical assistance to  
20 the department, including the information required under Chapter  
21 7 of the act of November 21, 2016 (P.L.1318, No.169), known as  
22 the Pharmacy "PHARMACY Audit Integrity and Transparency Act. <--  
23 ACT." <--

24 (d) The department shall promulgate regulations necessary to <--  
25 A MEDICAL ASSISTANCE MANAGED CARE ORGANIZATION SHALL establish <--  
26 an appeals process for pharmacies to utilize for suspected  
27 violations of this section.

28 (E) ANY INFORMATION DISCLOSED OR PRODUCED BY A PHARMACY <--  
29 BENEFITS MANAGER OR A MEDICAL ASSISTANCE MANAGED CARE  
30 ORGANIZATION TO THE DEPARTMENT UNDER THIS SECTION SHALL NOT BE

1 SUBJECT TO THE ACT OF FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS  
2 THE RIGHT-TO-KNOW LAW.

3 ~~(e)~~ (F) As used in this section, the following words and <--  
4 phrases shall have the meanings given to them in this subsection  
5 unless the context clearly indicates otherwise: <--

6 "Pharmacy benefits management." Any MANAGEMENT" MEANS ANY of <--  
7 the following:

8 (1) Procurement of prescription drugs at a negotiated  
9 contracted rate for distribution within this Commonwealth to  
10 covered individuals.

11 (2) Administration or management of prescription drug  
12 benefits provided by a covered entity for the benefit of covered  
13 individuals.

14 (3) Administration of pharmacy benefits, including:

15 (i) Operating a mail-service pharmacy.

16 (ii) Claims processing.

17 (iii) Managing a retail pharmacy network management.

18 (iv) Paying claims to pharmacies for prescription drugs  
19 dispensed to covered individuals via retail or mail-order  
20 pharmacy.

21 (v) Developing and managing a clinical formulary,  
22 utilization management and quality assurance programs.

23 (vi) Rebate contracting and administration.

24 (vii) Managing a patient compliance, therapeutic  
25 intervention and generic substitution program.

26 (viii) Operating a disease management program.

27 (ix) Setting pharmacy reimbursement pricing and  
28 methodologies, including maximum allowable cost, and determining  
29 single or multiple source drugs.

30 "Pharmacy benefits manager." A MANAGER" MEANS A person, <--

1 business or other entity that performs pharmacy benefits  
2 management. THE TERM SHALL INCLUDE A WHOLLY OWNED SUBSIDIARY OF <--  
3 A MEDICAL ASSISTANCE MANAGED CARE ORGANIZATION THAT PERFORMS  
4 PHARMACY BENEFITS MANAGEMENT.

5 Section 2. This act shall take effect in 60 days.