
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1993 Session of
2024

INTRODUCED BY BENHAM, GAYDOS, KENYATTA, BURGOS, HARKINS,
DONAHUE, MADDEN, MAJOR, SANCHEZ, CERRATO, HILL-EVANS,
D'ORSIE, CIRESI, GREEN, DALEY, MATZIE, SOLOMON, MIHALEK,
ECKER, McNEILL, SCHLOSSBERG, PICKETT, PISCIOTTANO, WEBSTER,
HOHENSTEIN, KRUEGER, BOROWSKI, NEILSON, FEE, KIM, KHAN,
BERNSTINE, MENTZER, O'MARA, FLEMING, GROVE, MULLINS,
KOSIEROWSKI, ISAACSON, HEFFLEY, OBERLANDER, ARMANINI,
GREGORY, E. NELSON, STAATS, WAXMAN, STEELE, SALISBURY,
KINKEAD, McANDREW, KAUFFMAN, GIRAL, DELOZIER AND FRITZ,
APRIL 3, 2024

REFERRED TO COMMITTEE ON HEALTH, APRIL 3, 2024

AN ACT

1 Amending the act of November 21, 2016 (P.L.1318, No.169),
2 entitled "An act providing for pharmacy audit procedures, for
3 registration of pharmacy benefits managers and auditing
4 entities, for maximum allowable cost transparency and for
5 prescription drugs reimbursed under the PACE and PACENET
6 program; and making related repeals," further providing for
7 title of act; in preliminary provisions, further providing
8 for short title and for definitions; in pharmacy audits,
9 further providing for limitations; and providing for pharmacy
10 benefits manager contract requirements and prohibited acts.

11 The General Assembly of the Commonwealth of Pennsylvania
12 hereby enacts as follows:

13 Section 1. The title and section 101 of the act of November
14 21, 2016 (P.L.1318, No.169), known as the Pharmacy Audit
15 Integrity and Transparency Act, are amended to read:

AN ACT

17 Providing for pharmacy audit procedures, for registration of
18 pharmacy benefits managers and auditing entities, for maximum

1 allowable cost transparency and for prescription drugs
2 reimbursed under the PACE and PACENET program and for
3 pharmacy benefit managers contract requirements and
4 prohibited activities; and making related repeals.

5 Section 101. Short title.

6 This act shall be known and may be cited as the [Pharmacy
7 Audit Integrity and Transparency] Community Pharmacy Protection
8 Act.

9 Section 2. Section 103 of the act is amended by adding
10 definitions to read:

11 Section 103. Definitions.

12 The following words and phrases when used in this act shall
13 have the meanings given to them in this section unless the
14 context clearly indicates otherwise:

15 * * *

16 "Brand effective rate." The reimbursement rate paid to the
17 pharmacy based on a percentage of the average wholesale cost for
18 brand-name drugs dispensed by the pharmacy under the contract
19 with the pharmacy benefit manager.

20 * * *

21 "Effective rate contract." A contract that sets a specific
22 discount rate for all prescriptions filled by a member pharmacy
23 during the term of the contract.

24 * * *

25 "Generic effective rate." The reimbursement rate paid to the
26 pharmacy based on a percentage of the average wholesale cost for
27 generic drugs dispensed by the pharmacy under the contract with
28 the pharmacy benefit manager.

29 * * *

30 "Patient steering." One of the following:

1 contract or a contract based on the National Average Drug
2 Acquisition Cost guidelines.

3 (2) Include provisions allowing for retroactive
4 recoupment of money paid to a pharmacy by the PBM, unless
5 both parties agree to that provision.

6 (3) Base reimbursement upon general effective rate or
7 the brand effective rate as a condition of entering a
8 network, unless both parties agree to that provision. Any
9 additional fees must be disclosed and applied at the time of
10 the adjudication of the claim. Fees may include:

11 (i) Transaction fees.

12 (ii) Chargebacks due to recalculation of the cost of
13 the ingredients used in a prescription drug.

14 (iii) Adjustments in the general effective rate,
15 brand effective rates or direct and indirect remuneration
16 fees made by the PBM.

17 Section 602. Spread pricing participation prohibited.

18 A pharmacy benefit manager may not conduct or participate in
19 spread pricing.

20 Section 603. Patient steering prohibited.

21 A pharmacy benefit manager may not conduct or participate in
22 patient steering.

23 Section 604. Duties of the department.

24 The department shall:

25 (1) Develop a process for receiving, hearing and
26 resolving complaints a pharmacy filed against a PBM.

27 (2) Have the ability to set fixed amounts for PBM claim
28 processing fees and administrative fees.

29 (3) Develop a Statewide National Average Drug
30 Acquisition Cost guideline that uses wholesale pricing based

1 on manufacturer's invoices of those manufacturers who ship
2 drugs to this Commonwealth.

3 Section 605. Duties of pharmacy benefit managers.

4 Pharmacy benefit managers shall:

5 (1) Approve a request from a pharmacy to be a member of
6 the PBM's network within 30 days of the initial request to
7 join the network.

8 (2) Provide a dedicated telephone number and email
9 address for handling network admission requests.

10 Section 606. PBM for State Employee Health Plan.

11 A PBM hired for the State Employee Health Plan shall have a
12 transparent reimbursement methodology based on the National
13 Average Drug Acquisition Cost guidelines developed under
14 section 604(3) and a dispensing fee equal to or greater than the
15 maximum prevailing fee for service or PACE rate in this
16 Commonwealth.

17 Section 607. Reports by PBM.

18 A PBM shall report to the department the amount of rebates
19 and payments received from drug manufacturers and how the
20 rebates and payments were distributed by the PBM.

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