



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

HOUSE BILL NO. 947

PRINTERS NO. 3694

PRIME SPONSOR: Fabrizio

### COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
Insurance Regulation & Oversight Fund	See "Fiscal Impact" below.	

**SUMMARY:** House Bill 947, Printer's Number 3694, creates the freestanding Pharmaceutical Transparency Act. This legislation is effective in 90 days.

**ANALYSIS:** This legislation requires Pharmacy Benefits Managers (PBMs), except workers compensation PBMs, to register with the Insurance Department, and establishes some minimum requirements with respect to the multiple source generic drug list for pharmaceutical drugs.

PBMs may not place a drug on the multiple source generic drug list unless:

- The drug is listed as "A", "B", "NA", or "NR" rated in the most recent version of the Food and Drug Administration's Approved Drug Products with Therapeutic Equivalence Evaluations, commonly known as the Orange Book; and
- The drug is available for purchase by all pharmacies in the state with a national or regional wholesaler and is not obsolete or temporarily unavailable.

PBM's must have a procedure to eliminate drugs from the list of drugs subject to multiple source drug pricing or modify the maximum allowable cost (MAC) in a timely fashion. A PBM may not penalize a pharmacist or pharmacy on audit for a generic substitution pursuant to the generic equivalent drug law.

The multiple source generic drug list shall be made available to the pharmacies at the time of the contract, including the maximum allowable cost and any pricing formula. The multiple source generic drug list shall be updated at least once every 7 business days and a reasonable process for pharmacies to access relevant or current MAC pricing lists and any successive pricing formulas in a timely manner must be established.

The PBM and pharmacy are required to establish an appeals process for the multiple source generic list in the PBM/pharmacy contract including disputes regarding the listed MAC for a particular drug.

The Insurance Department must enforce the provisions of this Act and shall promulgate regulations necessary to implement the Act. This Act shall apply to all contracts and agreements executed or renewed after the effective date of the legislation.

**FISCAL IMPACT:** The Insurance Department anticipates enactment of this legislation may increase costs. The Department may need to hire additional staff or contract for services to implement the regulatory functions assigned to it by this legislation. However, it is difficult to estimate those costs at this time because PID must first promulgate regulations to carry out the provisions of this legislation, which will directly impact these costs.

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House Appropriations Committee (R)

**DATE:** July 1, 2016

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*