
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1105 Session of
2018

INTRODUCED BY ALLOWAY, BARTOLOTTA, MARTIN, SABATINA, HUTCHINSON,
LANGERHOLC, TOMLINSON, VULAKOVICH, WARD, AUMENT, BLAKE,
MCGARRIGLE, KILLION AND RESCHENTHALER, OCTOBER 2, 2018

REFERRED TO HEALTH AND HUMAN SERVICES, OCTOBER 2, 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
16 organization and the department upon its request.

17 (b) Requests by the department may include the payment
18 methodology for the pharmacy benefits manager which must include

1 the actual amount paid by the pharmacy benefits manager to a
2 pharmacy for dispensing an outpatient covered drug or medical
3 supply item, including, at a minimum, the ingredient cost and
4 dispensing fee and any other administrative fees.

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

20 (d) A medical assistance managed care organization shall
21 establish an appeals process for pharmacies to utilize for
22 suspected violations of this section.

23 (e) Any information disclosed or produced by a pharmacy
24 benefits manager or a medical assistance managed care
25 organization to the department under this section shall not be
26 subject to the act of February 14, 2008 (P.L.6, No.3), known as
27 the "Right-to-Know Law."

28 (f) As used in this section, the following words and phrases
29 shall have the meanings given to them in this subsection:

30 "Pharmacy benefits management" means any of the following:

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

4 (2) Administration or management of prescription drug
5 benefits provided by a covered entity for the benefit of covered
6 individuals.

7 (3) Administration of pharmacy benefits, including:

8 (i) Operating a mail-service pharmacy.

9 (ii) Claims processing.

10 (iii) Managing a retail pharmacy network management.

11 (iv) Paying claims to pharmacies for prescription drugs
12 dispensed to covered individuals via retail or mail-order
13 pharmacy.

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

16 (vi) Rebate contracting and administration.

17 (vii) Managing a patient compliance, therapeutic
18 intervention and generic substitution program.

19 (viii) Operating a disease management program.

20 (ix) Setting pharmacy reimbursement pricing and
21 methodologies, including maximum allowable cost, and determining
22 single or multiple source drugs.

23 "Pharmacy benefits manager" means a person, business or other
24 entity that performs pharmacy benefits management. The term
25 shall include a wholly owned subsidiary of a medical assistance
26 managed care organization that performs pharmacy benefits
27 management.

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