

HB 2725 A STAFF MEASURE SUMMARY

House Committee On Rules

Action Date: 05/23/23

Action: Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

Vote: 7-0-0-0

Yeas: 7 - Breese-Iverson, Fahey, Kropf, Nosse, Scharf, Valderrama, Wallan

Fiscal: Fiscal impact issued

Revenue: No revenue impact

Prepared By: Brian Nieubuurt

Meeting Dates: 5/4, 5/23

WHAT THE MEASURE DOES:

Clarifies prohibition on pharmacy benefit manager (PBM) retroactive payment denial or reduction on claim for reimbursement. Adds exception to prohibition on post adjudication claims denial or reduction for clerical errors. Prohibits PBM from imposing fee on pharmacy after point of sale. Requires PBM to provide notice to pharmacy of any claim for reimbursement of the cost of a prescription drug that is denied or reduced specifying disaggregated claim and detailed explanation for reduction or denial. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Claw back and fee practices of PBMs
- Upcoming changes to Medicare Part D's Direct and Indirect Remuneration (DIR) policies

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

Pharmacy benefit managers (PBMs) are companies that help manage prescription drug benefits on behalf of health insurers, self-insured employers, government purchasers, and other payers. PBMs operate in the middle of the prescription drug supply chain, acting as brokers between payers, drug manufacturers, and pharmacies, thereby influencing drug availability, drug pricing, and pharmacy reimbursement. Leveraging volume purchasing, PBMs can negotiate discounts from drug manufacturers, often in the form of rebates, which can help mitigate rising costs of prescription drugs. PBMs are paid for their services using a mix of fees, retained rebates, and other means. PBMs are the subject of scrutiny in large part due to the fact that the amount of discounts they obtain in their negotiations with drug manufacturers are often not publicly disclosed.

House Bill 2725 A clarifies allowable pharmacy benefit manager practices after the adjudication of a pharmacy claim for reimbursement, including prohibiting the imposition of fees on pharmacies after the point of sale.