

HB 2011 STAFF MEASURE SUMMARY

House Committee On Behavioral Health and Health Care

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Meeting Dates: 2/20

WHAT THE MEASURE DOES:

The measure requires health insurers and pharmacy benefit managers (PBMs) to cover prescription drugs regardless of if the dispensing pharmacy is a participating pharmacy .

Detailed Summary

- Defines key terms, including defining a "participating pharmacy" as one that is owned by an insurer or PBM and contracts with an insurer or PBM to health plan members.
- Prohibits an insurer or PBM from denying or restricting coverage of a physician-administered prescription drug that is obtained by a provider from a non-participating pharmacy provided that the drug is medically necessary, covered under the health plan, and meets appropriate supply chain security controls.
- Stipulates that an insurer or PBM is considered to be restricting coverage if they refuse to authorize drug coverage, impose a restriction or condition on coverage that would not apply to a participating pharmacy, or reimburse at a different rate or require higher copayment/out-of-pocket payments than would be offered to a participating pharmacy.
- Specifies that medical necessity may not be determined based on the location of the health care provider administering the drug.
- Specifies that an insurer may still establish quality measures.
- Specifies that a violation of any sections of the measure is an unlawful business practice.

Fiscal impact: May have fiscal impact, but no statement yet issued

Revenue impact: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Pharmacy benefit managers (PBMs) are companies that manage prescription drug benefits on behalf of health insurers, self-insured employers, government purchasers, and other payors. PBMs operate in the middle of the prescription drug supply chain, acting as brokers between payers, drug manufacturers, and pharmacies. In this role, PBMs can influence drug availability, pricing, and pharmacy reimbursement. PBMs also negotiate drug manufacturer discounts, often as rebates, which can help mitigate increasing costs of prescription drugs. PBMs receive payment for their services through a combination of fees, rebates, and other means.

[Physician-administered drugs](#) (PAD) are prescription medications other than vaccines (such as infusions or other injections) that cannot typically be self-administered and are instead administered by a provider within a health care setting. PAD may be eligible for rebates provided that they meet the definition for a covered outpatient drug, one that is dispensed by a pharmacy, excluding drugs that are billed within a bundled service. Professional dispensing fees do not apply to PAD; however, the state may pay an administrative fee.

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In recent years, payers have sought to reduce the costs of PADs by requiring that providers purchase these drugs from specialty pharmacies that are covered by the pharmacy benefit of the patient. This practice, known as "white bagging," shifts reimbursement for the drug from being paid to the provider under the patient's medical benefit to being paid to the specialty pharmacy under the patient's pharmacy benefit. "Brown bagging" is another approach to PAD where a specialty pharmacy dispenses a medication to a patient that is intended to be administered by a provider within a health care setting. While these practices have the potential to reduce patient costs, safety concerns have been raised from providers related to their inability to adjust dosages or experiencing delays in care due to time required for shipping from a specialty pharmacy. [HB 4012 \(2024\)](#) prohibited health plans from limiting the pharmacies from which PADs could be dispensed by requiring that these drugs be dispensed by specialty pharmacies.

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