

STATEMENT OF PURPOSE

RS31523C1 / S1389

Pharmacy Benefit Managers (PBM) are third party administrators under contract by health/prescription plans, employers and government entities to manage prescription drug programs for health plan recipients. PBMs administer the prescription drug benefit for nearly every public and private health plan in the United States. PBMs decide which pharmacies are included in a prescription drug plan's network and how much the pharmacy will be paid for dispensing services.

The purpose of this legislation is to establish parameters and standards for how Pharmacy Benefit Managers operate in Idaho, requiring fairness, transparency and free market operations; things all other businesses in Idaho must operate under, but on which Idaho's law remains silent for PBMs.

This legislation adds new definitions; prohibits spread pricing; requires drug rebates to be passed on to the plans; lays out requirements that make contracts with pharmacies transparent and fair; allows patients to choose which in-network pharmacy best meets their needs; and gives the Department of Insurance authority to ask for information to ensure the law is being followed. PBMs already operate under these provisions in other states; these additions will help protect access to pharmacies and Idahoans' health care dollars as well.

FISCAL NOTE

The legislation has a fiscal impact of \$132,400 for the Department of Insurance to hire one FTP with specialization in this area to have oversight on compliance and investigate complaints.

Contact:

Senator Kevin Cook
(208) 332-1333
Senator Abby Lee
(208) 332-1307

DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).