

# FISCAL NOTE

June 25, 2019

<b>Bill No:</b>	HB 941	<b>Printer's No:</b>	1748	<b>Sponsor:</b>	Heffley (R)
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### COST / (SAVINGS)

Fund (s)	2018-19	2019-20
General Fund	See "FISCAL IMPACT"	\$105 million

**SUMMARY:** This bill provides for financial disclosures for pharmacy services and changes the payment methodology and dispensing fee for pharmacies.

**ANALYSIS:** HB 941 establishes pharmacy benefits managers (PBMs) which contract with Medical Assistance (MA) managed care organizations (MCOs) under contract with the Department of Human Services (DHS) are prohibited from utilizing a confidentiality provision prohibiting disclosure of information to the MA MCO and DHS upon request of either entity.

The bill also outlines information which can be requested of PBMs by DHS. MA MCOs shall disclose to DHS upon request all financial terms and payment arrangements that apply between the MA MCO and the PBM annually and within ten days of any changes to the financial terms and payment arrangements. Any disclosed information shall not be subject to the Right-to-Know Law.

HB 941 also establishes MA MCOs may only use a PBM to process prescription claims if the organization receives advance written approval by DHS. The MA MCO must provide various details to the department related to PBM use including names, payment methodology, PBM ownership, amounts paid, differences in amounts paid, administrative fees, procedures, independent audit, and pricing dispute resolution.

This bill mandates DHS to reimburse pharmacies in the fee-for-service (FFS) delivery system and pharmacies within a MCO's network be reimbursed in the following ways:

- (1) If the National Average Drug Acquisition Cost (NADAC) per unit is available, the lower of
  - (a) the NADAC per unit with the addition of a professional dispensing fee no less than the fee-for-service dispensing fee approved by CMS, or
  - (b) the pharmacy's usual and customary charge for the drug dispensed.
- (2) If the NADAC per unit is unavailable, the lower of
  - (a) the wholesale acquisition cost with the addition of a professional dispensing fee no less than the fee-for-service dispensing fee approved by CMS, or
  - (b) the pharmacy's usual and customary charge for the drug dispensed.

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For specialty medications in MA as selected by DHS, reimbursement shall be determined by the following:

- (1) An estimate of the dispensing pharmacy's cost of goods based upon a national survey-based reference price that is available throughout the pharmacy community, such as wholesale acquisition cost, average wholesale price or NADAC, as chosen by DHS.
- (2) A variable care management fee to be determined based upon each patient's primary disease state that is being treated with a medication on the specialty medication list.

This reimbursement model shall apply to all contracts and agreements for pharmacy benefits management services executed or renewed on or after the effective date of the bill.

HB 941 is effective in 60 days.

**FISCAL IMPACT:** Mandating that MCOs pay the same \$10 professional dispensing fee as FFS to network pharmacies for non-specialty drugs would result in an increase of \$105 million annually.

The payment methodology in the bill would increase FFS Pharmacy Program costs as a result of the removal of the Federal Upper Limit, State Maximum Allowable Cost (MAC), changes to payment when NADAC is not available, and discontinuation of the Specialty Pharmacy Drug Program.

Costs will also be incurred to make changes to the pharmacy claims system.