

HB 2316 -- PHARMACY BENEFIT MANAGERS

SPONSOR: Morris

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Health Insurance by a vote of 9 to 0.

This bill requires each contract between a pharmacy benefit manager (PBM) and a pharmacy or pharmacy's contracting representative to include sources utilized to determine maximum allowable cost and update such pricing information at least every seven days. A PBM must maintain a procedure to eliminate products from the maximum allowable cost (MAC) list of drugs or modify maximum allowable cost pricing within seven days if the drugs do not meet the standards as provided in the bill.

A PBM must reimburse pharmacies for drugs subject to maximum allowable cost pricing based upon pricing information which has been updated within seven days. A drug must not be placed on a MAC list unless there are at least two therapeutically equivalent multi-source generic drugs, or at least one generic drug available from only one manufacturer and is generally available for purchase from national or regional wholesalers.

All contracts must include a process to internally appeal, investigate, and resolve disputes regarding MAC pricing as provided in the bill. Appeals must be upheld if the pharmacy being reimbursed for the drug on the MAC list was not reimbursed according to the provisions of the bill or the drug does not meet the requirements for being placed on the MAC list.

This bill is similar to SB 908 (2016) and HB 780 (2015).

PROPOSERS: Supporters say that the bill does not change what the drug plan will cover or the copay or deductible the patient pays. Supporters are not asking for a change in what the patient pays, they're just asking the PBM who is the middle man between the pharmacy and insurance company to pay the actual cost of the medication. Every day pharmacies fill prescriptions for amounts below cost. Pharmacists know whether they'll lose or make money on a prescription. PBMs used to only have one price increase a year, now they have three or four increases a year. If pharmacies cannot get a fair price on the cost, they will consistently lose money. Pharmacists sign agreements that state they'll take all subscribers to a certain plan. They make a cost analysis for each patient and look to see if they made money on the patient, even after filling scripts below cost. The bill allows a PBM to update prices quickly. Pharmacies, especially smaller pharmacies, are only able to stay in business because of the volume of prescriptions. If

they don't have volume, they'll go out of business. The way the process currently exists is going to drive the small independent pharmacies out of business. Most businesses don't consistently sell below cost because it is not a sustainable or profitable business model. Many times when a pharmacy gets quoted a price from the PBM for a drug the price is very low and is allegedly available out there somewhere but pharmacies cannot find them. This bill requires the PBM to identify where or who is selling at that very low cost.

Testifying for the bill were Representative Morris; Dentons US, LLP; Missouri Pharmacy Association; and CVS Health.

OPPONENTS: There was no opposition voiced to the committee.