

2SHB 1224 - H AMD TO H AMD (H-2302.1/19) **271**

By Representative Schmick

SCOPE AND OBJECT 03/08/2019

1 On page 2, beginning on line 15 of the striking amendment, after
2 "19.340.010." strike ""Pharmacy benefit manager" does not include a
3 health maintenance organization as defined in RCW 48.46.020."
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5 On page 4, after line 11 of the striking amendment, insert the
6 following:

7 "NEW SECTION. Sec. 6. PHARMACY BENEFIT MANAGER REPORTING.

8 Beginning October 1, 2019, and on a yearly basis thereafter, a
9 pharmacy benefit manager must submit to the authority the following
10 prescription drug data for the previous calendar year:

11 (1) The aggregate dollar amount of all rebates and fees received
12 from pharmaceutical manufacturers for prescription drugs that were
13 covered by the pharmacy benefit manager's issuer clients during the
14 calendar year, and are attributable to patient utilization of such
15 drugs during the calendar year;

16 (2) The aggregate dollar amount of all rebates and fees received
17 by the pharmacy benefit manager from pharmaceutical manufacturers that
18 are not passed through to the issuer clients; and

19 (3) The aggregate retained rebate percentage."
20

21 Renumber the remaining sections consecutively and correct any
22 internal references accordingly.
23

24 On page 4, line 38 of the striking amendment, after "5," strike
25 "and 6" and insert "6, and 7"
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27

1 On page 5, line 9 of the striking amendment, after "4 of this act"
2 strike "and manufacturers under section 5 of this act" and insert "
3 manufacturers under section 5 of this act, and pharmacy benefit
4 managers under section 6 of this act"

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6 On page 5, line 12 of the striking amendment, after "4" strike
7 "and 5" and insert ", 5, and 6"

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9 On page 5, line 14 of the striking amendment, after "4" strike
10 "and 5" and insert ", 5, and 6"

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12 On page 5, line 25 of the striking amendment, after "4" strike
13 "and 5" and insert ", 5, and 6"

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15 On page 6, after line 2 of the striking amendment, insert the
16 following:

17
18 "NEW SECTION. Sec. 9. A new section is added to chapter 19.340 RCW
19 to read as follows:

20 (1) If a pharmacy benefit manager offers a distinct reimbursement
21 to rural pharmacies, it must provide a similar reimbursement to
22 network pharmacies that meet the following conditions:

23 (a) The pharmacy is an independent pharmacy or is a part of a
24 chain of pharmacies with six or fewer locations;

25 (b) The pharmacy is farther than a fifteen mile radius from
26 another pharmacy; and

27 (c) The pharmacy agrees to the terms and conditions of the network
28 as established by the plan.

29 (2) The insurance commissioner shall have enforcement authority
30 over this section. If the commissioner has cause to believe that any
31 person, corporation, or pharmacy benefit manager is violating this
32 section, the insurance commissioner may:

33 (a) Issue a civil penalty in the amount of one thousand dollars
34 for each act in violation of this section;

1 (b) Issue a cease and desist order; and

2 (c) Bring an action in any court of competent jurisdiction to
3 enjoin the person from continuing the violation or doing any action in
4 furtherance thereof."

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6 Renumber the remaining sections consecutively and correct any
7 internal references accordingly.

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9 On page 6, line 4 of the striking amendment, after "through"
10 strike "8" and insert "9"

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12 On page 6, beginning on line 6 of the striking amendment, strike
13 all of sections 10 through 16

14
15 Renumber the remaining sections consecutively and correct any
16 internal references accordingly.

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18 On page 8, line 24 of the striking amendment, after "through"
19 strike "16" and insert "9 and section 11"

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21 Correct the title.

EFFECT:

Removes:

- the reporting requirements on Pharmacy benefit managers (PBMs);
- the requirements on the Office of the Insurance Commissioner (OIC) to analyze and compile the PBM data into a yearly report;
- the authority permitting OIC to examine or audit a PBM's financial records, or to issue fines for violation or failure to comply with the requirements of the Act;
- the prohibition on a PBM from causing or permitting the use of untrue, deceptive, or misleading advertisements, promotions, and other related materials;
- the fiduciary duty of PBMs; and
- the exemption of health maintenance organizations from the definition of PBM.

Requires:

- PBMs to submit the following information to the Health Care Authority (HCA) yearly: the aggregate dollar amount of all rebates and fees received from pharmaceutical manufacturers for prescription drugs that were covered by the PBM's issuer clients during the calendar year, and are attributable to patient utilization of such drugs during the calendar year; the aggregate dollar amount of all rebates and fees received by the pharmacy benefit manager from pharmaceutical manufacturers that are not passed through to the issuer clients; and the aggregate retained rebate percentage;
- the data organization and HCA to compile and analyze the data submitted by PBMs and provides HCA with rulemaking and enforcement authority over the PBMs for purposes of the data submission; and
- PBMs that offer a distinct reimbursement to rural pharmacies, must provide a similar reimbursement to network pharmacies that meet the following conditions: the pharmacy is an independent pharmacy or is a part of a chain of pharmacies within six or fewer locations; the pharmacy is farther than a 15 mile radius from another pharmacy; and the pharmacy agrees to the terms and conditions of the network as established by the plan.

Provides OIC with enforcement authority over PBMs for purposes of ensuring PBMs that offer distinct reimbursement to rural pharmacies, offer similar reimbursement to all rural pharmacies that meet certain requirements.

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