

HOUSE RESEARCH

Bill Summary

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Overview

This bill requires pharmacy benefit managers (PBMs) that operate in Minnesota to obtain a certificate of authority from the commissioner of commerce. Specifies disclosure and other requirements for PBMs.

Section

- 1 Definitions.** Adds § 60I.01. Defines terms. Defines "covered entity" as a nonprofit hospital or medical service plan corporation; a health insurer; a health benefit plan; HMO; health program administered by the state as a provider of health coverage; or an employer, labor union, or other entity that provides health coverage to covered individuals.
- 2 Pharmacy benefits manager certificate of authority required.** Adds § 60I.02.

Subd. 1. Certificate of authority. Requires PBMs that provide services to Minnesota residents to obtain a certificate of authority to operate in the state from the commissioner of commerce by December 1, 2005, and yearly thereafter. Specifies criteria for the application. Requires the application to disclose specified ownership interests.

Subd. 2. Authority of commissioner. Gives the commissioner the authority to establish and assess fees for certificates of authority and other purposes. Requires the PBM to annually disclose to the commissioner payments received under any contract with a covered entity and to describe how payments received by the PBM are applied to reduce rates of covered entities or distributed to covered individuals.

Section

Allows the commissioner to serve upon the PBM a statement of charges and to examine contracts to determine if there has been a violation of this chapter. Allows the commissioner to take action against the certificate of authority of a PBM for a violation of this chapter or other violations of law. Allows the commissioner to place restrictions on any renewal of a certificate of authority. Classifies information disclosed to the commissioner under this section as trade secret information.

3 Disclosures to covered entities. Adds § 60I.03.

Subd. 1. Disclosure requirements. Requires PBMs to disclose the following to covered entities, upon request: (1) payments and benefits received by a PBM from a drug manufacturer or similar entity based on volume or any other measurement of sales, or the prescribing or dispensing of certain drugs or classes or brands of drugs, and payments and benefits retained; (2) all financial and utilization information requested by the covered entity relating to the provision of benefits to participants; and (3) the PBM must allow the covered entity to audit the PBM's books, accounts, and records, to confirm that payments received by the PBM are being shared as required by contract.

Subd. 2. Drug substitution. Prohibits a PBM from substituting another drug for the one originally prescribed, unless the substitution is made for medical reasons that benefit the covered individual or results in financial savings and benefits to the covered entity. If a substitution is made, requires the PBM to disclose to the covered entity any benefit or payment it receives. Requires requests for substitutions to be made by a pharmacist from the pharmacy where the prescription is on file.

4 Severability clause. Provides that the provisions in sections 1 to 3 are severable.

5 Effective date. Provides that sections 1 to 3 are effective August 1, 2005.