

Subject Diabetes drug cost transparency

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Date March 7, 2019

Overview

This bill requires the commissioner of health to compile reports of essential prescription drugs used to treat diabetes and on the wholesale acquisition costs for these drugs that have increased above certain amounts in the preceding one-year or two-year periods, and to submit an annual report to the legislature on price increases for essential diabetes drugs. It also requires drug manufacturers to report information on the costs of these drugs and factors that led to increases in their wholesale acquisition costs. Further, it requires pharmacy benefit managers to report information on rebates related to essential diabetes drugs; health plan companies to report information on premiums, spending on essential diabetes drugs, and the use of pharmacy benefit managers; and pharmacies to report information on payments made and received for essential diabetes drugs.

Summary

Section	Description
1	<p>Diabetes drug cost transparency. Adds § 62J.84.</p> <p>Subd. 1. Definitions. Defines terms for this section: manufacturer, pharmacy, pharmacy benefit manager, and wholesale acquisition cost.</p> <p>Subd. 2. Commissioner's duties. Requires the commissioner of health to:</p> <ul style="list-style-type: none">• compile a list of essential prescription drugs used to treat diabetes, including insulin, oral diabetes medications, and non-insulin injectable medications, and the wholesale acquisition cost for each drug; and• by March 1 of each year beginning in 2020, compile a list of the wholesale acquisition costs for these drugs which have increased more than the percentage increase in the All-Items Consumer Price Index during the preceding calendar year, or more than the average annual percentage increase of the All-Items Consumer Price Index during the preceding two calendar years.

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Subd. 3. Manufacturer's duties. By April 1 of each year beginning in 2020, requires a manufacturer of a listed essential diabetes drug to provide the commissioner with the listed information related to the cost of producing the drug excluding research and development costs, financial assistance that has been provided, costs associated with consumer assistance programs, rebate and fee amounts, and other information deemed necessary by the commissioner. For essential diabetes drugs the wholesale acquisition costs of which have increased more than the percentage increase in the All-Items Consumer Price Index for a one-year period or more than the average annual percentage increase for a two-year period, directs a manufacturer to submit a report to the commissioner describing reasons for the increase.

Subd. 4. Pharmacy benefit manager duties. By May 1 of each year beginning in 2020, requires a pharmacy benefit manager (PBM) to report to the commissioner on rebates and fees for essential diabetes drugs, the amount of those rebates and fees retained by the pharmacy benefit manager, the amount of rebates and fees received for purchases of drugs by enrollees of government health care programs, and additional information related to rebates and fees received.

Subd. 5. Health plan company duties. As part of the rate approval process, requires health plan companies to report to the commissioner of commerce information on percentages of premiums attributable to essential diabetes drugs, changes in spending and enrollee cost-sharing for these drugs, and the use of a pharmacy benefit manager.

Subd. 6. Pharmacy duties. By May 1 of each year beginning in 2020, requires a pharmacy to provide the commissioner with information on payments received from pharmacy benefit managers and health plans, payments made to purchase drugs, and fees paid to pharmacy benefit managers.

Subd. 7. Report. By June 1 of each year, requires the commissioner to analyze the reported information under this section and submit a report to the legislature and the public on the prices of essential diabetes drugs with increased wholesale acquisition costs, the reasons for these increases, the effect of these prices on prescription drug spending in the state, the extent to which rebates and fees paid to pharmacy benefit managers contribute to price increases, and recommendations for how to lower the cost of essential diabetes drugs while maintaining access to these drugs.



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