

Bill Summary
1st Session of the 58th Legislature

Bill No.:	SB 734
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Request No.:	1978
Author:	Sen. McCortney
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Bill Analysis

The FS for SB 734 requires the Director of the Office of Management and Enterprise Services (OMES) to transmit to the Insurance Commissioner a list of the 250 most costly prescription drugs for the previous calendar year based upon net price multiplied by utilization. The Commissioner is required to publish this list of drugs and the reference rate associated with each drug on the Commission's website. At no time shall a state entity, health plan, or participating Employee Retirement Income Security Act (ERISA) plan purchase a drug from this list above the reference rate. The reference rate shall be calculated by the Commissioner by comparing the wholesale acquisition rate to various Canadian Ministries of Health. Savings resulting from the enforcement of this act shall be used to reduce costs to consumers. Additionally, the FS caps the dispensing fee pharmacists may charge at \$12.00. The maximum fee shall be increased annually by a percentage equal to the previous year's increase in the national Consumer Price Index. The FS also requires each state entity, health plan, and participating ERISA plan to submit a report describing the documented savings for each referenced drug for the previous calendar year and how those savings were used to comply with the provisions of the measure beginning November 1, 2023, and each year thereafter.

Each violation of the provisions of this measure shall be subject to a \$1,000.00 fine per violation, which shall be enforced by the Attorney General. Additionally, no manufacturer or distributor of a referenced drug may withdraw a listed drug from sale or distribution within this state for the purpose of avoiding the impact of the rate limitations. Any attempt to withdraw a drug from sale must be submitted in writing 180 days prior to such withdrawal to the Insurance Commissioner. Any entity violating this provision shall be subject to a fine of \$500,000.00 or the amount of annual savings determined by the Commissioner, whichever is greater.

Prepared by: Kalen Taylor