

**House Bill 425, HEALTH INSURANCE BENEFIT  
AMENDMENTS, (Thurston, Norman K.)**

**Anticipated Fiscal Impact: \$2,661,255 or \$3.63 per  
member per month (PMPM)**

This bill would require a health plan and/or a pharmacy benefit manager (PBM) to pass through any pharmaceutical rebates to insured members at the point of sale, rather than keeping these rebates or passing them to the plan. Currently, PEHP receives 100% of pharmaceutical rebates related to its members from its PBM. These rebates are used to lower overall premium costs, and are not passed on to the members at the point of sale. If these rebates were passed on at the point of sale rather than passed to PEHP, it would result in a cost shift – lowering the cost of drugs to those individual members taking the rebated drugs, and increasing the cost to the state employee health plan by \$2,661,255. This is based on the amount of rebate amounts received by PEHP in 2022 and 2023.

ANTICIPATED FISCAL IMPACT ON EDUCATION AND HIGHER EDUCATION  
ENTITIES - \$3.63 per member per month (PMPM)

Pursuant to Utah Code Ann. 31A-22-605.5(2)(b) and (3) – a health insurance mandate shall apply to health coverage offered in the state risk pool, public school districts, charter schools and institutions of higher education.

The same PMPM fiscal impact would be applicable to each of these entities covered by PEHP. PEHP does not cover every public school district, charter school or institution of higher education in the state. Some public entity employees are insured through private insurance carriers. The fiscal effect on the PEHP covered public entities would be:

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- State risk pool, excluding state, but including higher education (Weber St, USU Eastern, Snow, Utah Tech, and technical colleges) - \$3.63 PMPM x 12,547 members = \$546,547 per year

- Public School districts and charter schools -  $\$2.59 \text{ PMPM} \times 35,604 \text{ members} = \$1,550,910$  per year
- Local Governments – while local governments may not be subject to the same mandates, if all the PBM's are required to offer rebates at the point of sale, we would expect this would have the same effect on each of them -  $\$3.63 \text{ PMPM} \times 52,069 \text{ members} = \$2,268,126$  per year