

**HB 257 PHARMACY BENEFITS AMEMDMENTS** (Thurston, Norman K)

**Potential Fiscal Impact:** \$310,305 per year or \$.42 per member per month (PMPM) depending on the bid proposal of a non-profit organization

This bill specifies how pharmacy rebates should be used to benefit plan members.

It also directs PEHP to follow a bid process in selecting a pharmacy benefit manager, which must include a preference for non-profit organizations as long as the non-profit's proposal "would not be significantly more expensive than the otherwise lowest priced qualified proposal."

The state purchases about \$62M a year for pharmaceutical drugs for its employees through PEHP's contract with its current pharmacy benefit manager. In giving preference to a non-profit organization, PEHP would consider a 1% or less difference in price as being "not significantly more expensive than the otherwise lowest priced qualified proposal." One percent would be \$620,609. Thus, PEHP would expect the potential fiscal impact of this bill to be up to \$620,609 with a midpoint of \$310,305 in the event that a non-profit organization's proposal came within this range.

**POTENTIAL FISCAL IMPACT ON EDUCATION AND LOCAL GOVERNMENT ENTITIES – \$.42 per member per month**

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:

- State risk pool, excluding state, but including higher education (Weber St, USU Eastern, Snow, Utah Tech, and technical colleges) - \$.42 PMPM x 12,958 members = \$65,308 per

year

- Public School districts and charter schools -  $\$.42 \text{ PMPM} \times 32,026 \text{ members} = \$161,411$  per year
- Local Governments –  $\$.42 \text{ PMPM} \times 52,164 \text{ members} = \$262,906$  per year