

HB 527 S1 PHARMACY PRICING AMENDMENTS (Hall, Katy)

Anticipated Fiscal Impact: \$799,700 per year or \$1.08 per member per month (PMPM)

The first substitute for HB 527 involves the appeals process when a pharmacy challenges whether the rate reimbursed by pharmacy benefit manager is adequate to cover the costs of a drug. Specifically, it says that if the pharmacy benefit manager cannot show that the drug is available to pharmacies at the reimbursed rate, that the rate of that drug must be increased to match the available rate for all pharmacies. As such, the substitute bill uses a different mechanism to achieve the same objective of increasing rates for generic drugs that are reimbursed below acquisition cost. Based on our research and in consultation with Express Scripts, our pharmacy benefit manager, we believe that this would impact roughly 72,000 claims for generic drugs which are paid on average \$11 less than acquisition cost. We would expect the total cost to be about \$799,700 and for that cost to be passed onto the state health insurance plan.

ANTICIPATED FISCAL IMPACT ON EDUCATION AND LOCAL GOVERNMENT ENTITIES - \$1.08 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) - \$1.08 PMPM x 13,396 members = \$173,612 per year
- Public School districts and charter schools - \$1.08 PMPM x 33,832 members = \$405,984 per year
- Local Governments – \$1.08 PMPM x 52,130 members = \$675,605 per year