

HB 527 S2 PHARMACY PRICING AMENDMENTS (Hall, Katy)

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

2nd Sub HB 527 would require that PBMs pay pharmacies no less than acquisition cost for all drugs, which would impact about 72,000 generic prescriptions for state employees, increasing costs to the state by about \$799,700. The 2nd Sub includes language directing PEHP to mitigate this cost through management practices. However, in reviewing such practices, we don't see a way to change practices since this involves the drug distribution industry as whole. As such, we would expect 2nd Sub 527 to have the same cost as previous versions of the bill.

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