

HB 527 PHARMACY PRICING AMENDMENTS (Hall, Katy)

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

HB 537 would require pharmacy benefit managers (PBM) to increase the rate paid for generic drugs to always cover the acquisition cost of those drugs by contracted pharmacies. PEHP purchases generic drugs on behalf of the state through Express Scripts, our contracted PBM. Based on our external research and in consultation with Express Scripts, we'd expect that about \$11 more would be paid on roughly 72,700 generic claims for a total increase of about \$799,700 to cover acquisition costs and that that increase would be passed onto the state.

This bill would also prohibit spread pricing in pharmacy contracts. While this has typically resulted in an additional cost to PEHP and the state health plan, PEHP believes that by January 2027 that any additional impact from the lack of spread pricing will be eliminated.

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