

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1872

02/25/2014 Authored by Atkins, Davids, Abeler, Morgan and Falk

The bill was read for the first time and referred to the Committee on Health and Human Services Policy

03/10/2014 Adoption of Report: Amended and re-referred to the Committee on Commerce and Consumer Protection Finance and Policy

03/24/2014 Adoption of Report: Amended and Placed on the General Register

Read Second Time

1.1 A bill for an act
 1.2 relating to health; disclosing maximum allowable cost pricing used by pharmacy
 1.3 benefit managers; proposing coding for new law in Minnesota Statutes, chapter
 1.4 151.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[151.71] MAXIMUM ALLOWABLE COST PRICING.**

1.7 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms
 1.8 have the meanings given.

1.9 (b) "Health plan company" has the meaning provided in section 62Q.01, subdivision
 1.10 4.

1.11 (c) "Pharmacy benefit manager" means an entity doing business in this state that
 1.12 contracts to administer or manage prescription drug benefits on behalf of any health plan
 1.13 company that provides prescription drug benefits to residents of this state.

1.14 Subd. 2. **Pharmacy benefit manager contracts with pharmacies; maximum**
 1.15 **allowable cost pricing.** (a) In each contract between a pharmacy benefit manager and
 1.16 a pharmacy, the pharmacy shall be given the right to obtain from the pharmacy benefit
 1.17 manager a current list of the sources used to determine maximum allowable cost pricing.
 1.18 The pharmacy benefit manager shall update the pricing information at least every seven
 1.19 business days and provide a means by which contracted pharmacies may promptly review
 1.20 current prices in an electronic, print, or telephonic format within one business day at no
 1.21 cost to the pharmacy. A pharmacy benefit manager shall maintain a procedure to eliminate
 1.22 products from the list of drugs subject to maximum allowable cost pricing in a timely
 1.23 manner in order to remain consistent with changes in the marketplace.

2.1 (b) In order to place a prescription drug on a maximum allowable cost list, a
2.2 pharmacy benefit manager shall ensure that the drug is generally available for purchase by
2.3 pharmacies in this state from a national or regional wholesaler and is not obsolete.

2.4 (c) Each contract between a pharmacy benefit manager and a pharmacy must include
2.5 a process to appeal, investigate, and resolve disputes regarding maximum allowable cost
2.6 pricing that includes:

2.7 (1) a 15-business day limit on the right to appeal following the initial claim;

2.8 (2) a requirement that the appeal be investigated and resolved within seven business
2.9 days after the appeal; and

2.10 (3) a requirement that a pharmacy benefit manager provide a reason for any appeal
2.11 denial and identify the national drug code of a drug that may be purchased by the
2.12 pharmacy at a price at or below the maximum allowable cost price as determined by
2.13 the pharmacy benefit manager.

2.14 (d) If the appeal is upheld, the pharmacy benefit manager shall make an adjustment
2.15 to the maximum allowable cost price no later than one business day after the date of
2.16 determination. The pharmacy benefit manager shall make the price adjustment applicable
2.17 to all similarly situated network pharmacy providers as defined by the plan sponsor.

2.18 **EFFECTIVE DATE.** This section is effective January 1, 2015.