

## STATEMENT OF PURPOSE

RS27524 / H0386

Pharmacy benefit managers (PBMs) are third party administrators under contract by health plans, employers, and government entities to manage prescription drug programs for health plan recipients. This bill does four key things:

1. Adds transparency to the pharmacy process in Idaho by requiring PBMs that operate in our state to register annually with the Department of Insurance;
2. Provides Idaho pharmacists more flexibility in informing patients how they can pay less out-of-pocket for prescriptions by prohibiting "gag clauses." Currently, gag clauses are prohibited by Federal law on Medicare Part D and Advantage plans; this legislation extends that to all plans that operate in the state;
3. Ensure transparency by PBMs on how they determine the maximum allowable cost (MAC) they reimburse pharmacies for prescriptions and require PBMs to update pharmacies regularly on MAC price changes; and,
4. Prohibits PBMs from retroactively denying or reducing a claim for reimbursement, except for legitimate reasons.

### FISCAL NOTE

There is no fiscal impact on the state budget. The Department of Insurance already has the structure in place for registrations and reports. Any additional costs of overseeing extra registrations and reports will be covered by the same minimal registration fee that third-party administrators and others under Title 41 are charged.

#### Contact:

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**DISCLAIMER:** This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).