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LC001431/SUB A/4
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO INSURANCE - PRESCRIPTION DRUG BENEFITS

Introduced By: Representatives Kennedy, Azzinaro, Keable, Winfield, and Shekarchi

Date Introduced: February 25, 2015

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 27-18 of the General Laws entitled "Accident and Sickness
2 Insurance Policies" is hereby amended by adding thereto the following section:

3 **27-18-33.2. Pharmacy benefit manager requirements with respect to multi-source**
4 **generic pricing updates to pharmacies. – (a) Definitions. As used herein:**

5 (1) "Maximum allowable cost" means the maximum amount that a pharmacy benefits
6 manager will pay toward the cost of a drug;

7 (2) "Nationally available" means that all pharmacies in this state can purchase the drug
8 from regional or national wholesalers and that the product is not obsolete or temporarily
9 unavailable;

10 (3) "Therapeutically equivalent" means the equivalent determined by the United States
11 Food and Drug Administration.

12 (b) "Pharmacy benefit manager" (PBM) means and refers to all requirements with respect
13 to multi-source generic pricing updates to pharmacies:

14 (1) Upon each contract execution or renewal, a PBM shall, with respect to contracts
15 between PBM and a pharmacy or, alternatively, a PBM and a pharmacy's contracting
16 representative or agent such as a pharmacy services administrative organization (PSAO):

17 (i) Include in such contracts a requirement that the PBM update such maximum allowable
18 costs (MAC) pricing information on such contracts at least every ten (10) calendar days, and
19 establish a reasonable process for the prompt notification of such pricing updates to network

1 [pharmacies.](#)

2 SECTION 2. Chapter 27-19 of the General Laws entitled "Nonprofit Hospital Service
3 Corporations" is hereby amended by adding thereto the following section:

4 **27-19-42.1. Pharmacy benefit manager requirements with respect to multi-source**
5 **generic pricing updates to pharmacies. -- (a) Definitions. As used herein:**

6 [\(1\) "Maximum allowable cost" means the maximum amount that a pharmacy benefits](#)
7 [manager will pay toward the cost of a drug;](#)

8 [\(2\) "Nationally available" means that all pharmacies in this state can purchase the drug](#)
9 [from regional or national wholesalers and that the product is not obsolete or temporarily](#)
10 [unavailable;](#)

11 [\(3\) "Therapeutically equivalent" means the equivalent determined by the United States](#)
12 [Food and Drug Administration.](#)

13 [\(b\) "Pharmacy benefit manager" \(PBM\) means and refers to all requirements with respect](#)
14 [to multi-source generic pricing updates to pharmacies:](#)

15 [\(1\) Upon each contract execution or renewal, a PBM shall, with respect to contracts](#)
16 [between PBM and a pharmacy or, alternatively, a PBM and a pharmacy's contracting](#)
17 [representative or agent such as a pharmacy services administrative organization \(PSAO\):](#)

18 [\(i\) Include in such contracts a requirement that the PBM update such maximum allowable](#)
19 [costs \(MAC\) pricing information on such contracts at least every ten \(10\) calendar days, and](#)
20 [establish a reasonable process for the prompt notification of such pricing updates to network](#)
21 [pharmacies.](#)

22 SECTION 3. Chapter 27-19.2 of the General Laws entitled "Nonprofit Hospital and
23 Medical Service Corporations" is hereby amended by adding thereto the following section:

24 **27-19.2-12. Pharmacy benefit manager requirements with respect to multi-source**
25 **generic pricing updates to pharmacies. -- (a) Definitions. As used herein:**

26 [\(1\) "Maximum allowable cost" means the maximum amount that a pharmacy benefits](#)
27 [manager will pay toward the cost of a drug;](#)

28 [\(2\) "Nationally available" means that all pharmacies in this state can purchase the drug](#)
29 [from regional or national wholesalers and that the product is not obsolete or temporarily](#)
30 [unavailable;](#)

31 [\(3\) "Therapeutically equivalent" means the equivalent determined by the United States](#)
32 [Food and Drug Administration.](#)

33 [\(b\) "Pharmacy benefit manager" \(PBM\) means and refers to all requirements with respect](#)
34 [to multi-source generic pricing updates to pharmacies:](#)

1 (1) Upon each contract execution or renewal, a PBM shall, with respect to contracts
2 between PBM and a pharmacy or, alternatively, a PBM and a pharmacy's contracting
3 representative or agent such as a pharmacy services administrative organization (PSAO):

4 (i) Include in such contracts a requirement that the PBM update such maximum allowable
5 costs (MAC) pricing information on such contracts at least every ten (10) calendar days, and
6 establish a reasonable process for the prompt notification of such pricing updates to network
7 pharmacies.

8 SECTION 4. Chapter 27-20.1 of the General Laws entitled "Nonprofit Dental Service
9 Corporations" is hereby amended by adding thereto the following section:

10 **27-20.1-15.1. Pharmacy benefit manager requirements with respect to multi-source**
11 **generic pricing updates to pharmacies. -- (a) Definitions. As used herein:**

12 (1) "Maximum allowable cost" means the maximum amount that a pharmacy benefits
13 manager will pay toward the cost of a drug;

14 (2) "Nationally available" means that all pharmacies in this state can purchase the drug
15 from regional or national wholesalers and that the product is not obsolete or temporarily
16 unavailable;

17 (3) "Therapeutically equivalent" means the equivalent determined by the United States
18 Food and Drug Administration.

19 (b) "Pharmacy benefit manager" (PBM) means and refers to all requirements with respect
20 to multi-source generic pricing updates to pharmacies:

21 (1) Upon each contract execution or renewal, a PBM shall, with respect to contracts
22 between PBM and a pharmacy or, alternatively, a PBM and a pharmacy's contracting
23 representative or agent such as a pharmacy services administrative organization (PSAO):

24 (i) Include in such contracts a requirement that the PBM update such maximum allowable
25 costs (MAC) pricing information on such contracts at least every ten (10) calendar days, and
26 establish a reasonable process for the prompt notification of such pricing updates to network
27 pharmacies.

28 SECTION 5. Chapter 27-41 of the General Laws entitled "Health Maintenance
29 Organizations" is hereby amended by adding thereto the following section:

30 **27-41-38.1. Pharmacy benefit manager requirements with respect to multi-source**
31 **generic pricing updates to pharmacies. -- (a) Definitions. As used herein:**

32 (1) "Maximum allowable cost" means the maximum amount that a pharmacy benefits
33 manager will pay toward the cost of a drug;

34 (2) "Nationally available" means that all pharmacies in this state can purchase the drug

1 from regional or national wholesalers and that the product is not obsolete or temporarily
2 unavailable;

3 (3) "Therapeutically equivalent" means the equivalent determined by the United States
4 Food and Drug Administration.

5 (b) "Pharmacy benefit manager" (PBM) means and refers to all requirements with respect
6 to multi-source generic pricing updates to pharmacies:

7 (1) Upon each contract execution or renewal, a PBM shall, with respect to contracts
8 between PBM and a pharmacy or, alternatively, a PBM and a pharmacy's contracting
9 representative or agent such as a pharmacy services administrative organization (PSAO):

10 (i) Include in such contracts a requirement that the PBM update such maximum allowable
11 costs (MAC) pricing information on such contracts at least every ten (10) calendar days, and
12 establish a reasonable process for the prompt notification of such pricing updates to network
13 pharmacies.

14 SECTION 6. This act shall take effect on September 30, 2015.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE - PRESCRIPTION DRUG BENEFITS

1 This act would require that pharmacy benefit managers (PBM) include in each contract a
2 requirement that the PBM would update maximum allowable cost (MAC) pricing information
3 every ten (10) calendar days pertaining to policies relating to accident and sickness, nonprofit
4 hospital service corporations, nonprofit medical service corporations, nonprofit dental service
5 corporations and health maintenance organizations.

6 This act would take effect on September 30, 2015.

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