

EMPOWER PATIENTS

PLEASE SUPPORT

THE PRESCRIPTION DRUG REFORM ACT

Senate Bill 1550 / House Bill 1509: Prescription Drug Reform

Sponsored by Sen. Jason Brodeur (R-Lake Mary) / Rep. Linda Chaney (R-St. Petersburg)

COMMITTEE REFERENCES

Senate Bill 1550

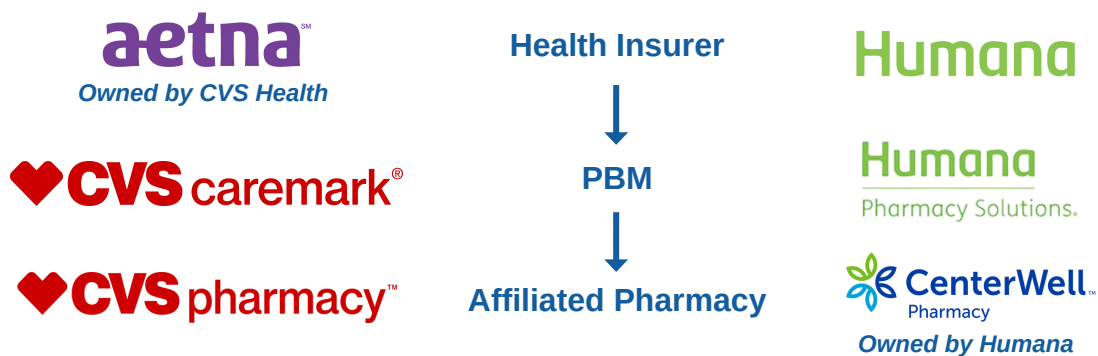
- + Senate Health Policy Committee
- + Senate Fiscal Policy Committee

House Bill 1509

- + House Healthcare Regulation Subcommittee
- + House Appropriations Committee
- + House Health and Human Services Committee

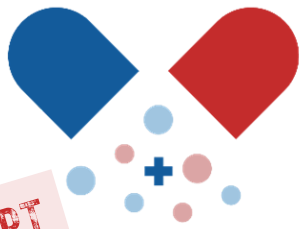
ISSUE BACKGROUND

- + Pharmacy benefit managers (PBMs) were established in the 1960s to serve as intermediaries between health insurers and prescription drug manufacturers, responsible for regulating prices by handling negotiations and payments within the supply chain.
- + Today, it is a \$300 billion industry, with the three largest PBMs controlling an estimated 80 percent of the market and also ranking among the Top 15 in the Fortune 500.
- + These multi-billion-dollar companies are deciding which prescription drugs to cover based on the size of the rebates they will receive from manufacturers, ultimately raising patients' out-of-pocket drug costs by almost 30 percent.
- + Many PBMs are owned by health insurers, and some also own pharmacies, so there is a concerning conflict of interest, as they will often use pressure tactics to steer patients to their affiliated pharmacies, rather than focusing on the best health outcomes for patients. A few examples:



- + PBMs also regularly practice spread pricing – charging the insurer or managed care plan more than the pharmacy's reimbursement amount and pocketing the difference – which allows these companies to make anywhere from 18 to 109 times more profit than the average independent or community pharmacy.
- + And because of PBMs' market dominance, those smaller pharmacies that tend to serve rural and inner-city neighborhoods have virtually no choice other than to accept PBMs' contracts, receiving steadily declining reimbursements until they are forced to shut their doors.

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ACTION TAKEN TO DATE

- + In 2022, HB 357 passed with unanimous, bipartisan support, moving PBM regulations to the statute that covers the Office of Insurance Regulation (OIR), giving OIR explicit enforcement authority over PBMs, particularly as it relates to the routine audits PBMs conduct on pharmacies.
- + Later that year, Gov. Ron DeSantis issued Executive Order 22-164 to establish transparency and accountability for PBMs doing business with the state. Most importantly, it prohibited spread pricing and reimbursement clawbacks, which occur when PBMs claim prescription drug overpayments caused by patients' copay amounts being set higher than the drug costs.

LEGISLATION HIGHLIGHTS

- + SB 1550 and HB 1509 would codify Gov. DeSantis' July 2022 E.O. and include all of the directives he presented in his January 2023 legislative proposal – the most comprehensive prescription drug reform in Florida history.
- + The Prescription Drug Reform Act would also:
 - + Designate an employee at the Department of Financial Services to receive and process patient complaints related to PBMs, and also require PBMs to self-disclose all complaints, settlements, and disciplinary action.
 - + Prohibit PBMs from steering patients to their affiliated pharmacies or incentivizing the use of those pharmacies through lower copays or other deals; PBMs would also be required to disclose all affiliated entities, pharmacies or otherwise, and would be prohibited from sharing records across those entities.
 - + Prohibit PBMs from requiring patients to use a mail-order pharmacy.
 - + Prohibit spread pricing and instead require pass-through pricing, which mandates PBMs "pass through" actual pharmacy costs, net of rebates, to health insurers or managed care plans, charge only the actual cost of the drug (plus a dispensing fee) and retain only a reasonable administrative fee.
 - + Prohibit reimbursement clawbacks and require PBMs to distribute 100 percent of rebates back to health insurers or managed care plans.
 - + Prohibit PBMs from requiring pharmacies to participate in one pharmacy network as a condition of participating in another pharmacy network; PBMs would also be prohibited from making unilateral changes to the terms of pharmacies' contracts.