

HF3024 - 0 - "Health Plan Co-Pharmacist Price Diff"

Chief Author: **Matt Dean**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/28/2018**
 Lead Agency: **Pharmacy Board**
 Other Agencies:
 Commerce Dept Minn Management and Budget

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021
State Total						
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
Total	-	-	-	-	-

Lead Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Chardae Kimber Date: 03/28/2018
 Phone: 651 259-3617 Email: chardae.kimber@state.mn.us

State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2017	FY2018	FY2019	FY2020	FY2021
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

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Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Chardae Kimber Date: 3/28/2018 12:14:36 PM
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Biennial Total			-			-

Bill Description

This bill prohibits health plans, or the pharmacy benefit managers (PBMs) that they employ, from including in their contracts with pharmacies any provision that prohibits a “pharmacist from informing a patient when the amount the patient is required to pay under the patient’s health plan for a particular drug is greater than the amount the patient would be required to pay for the same drug if purchased out-of-pocket at the pharmacy’s usual and customary price.”

That also means that pharmacies can’t sign contracts that include such provisions. Signing such contracts would be a violation for which the Board could potentially take action.

Assumptions

The Board of pharmacy does not license or in any way regulate health insurers and PBMs. We do license the pharmacies that might be under contract with PBMs. However, the Board probably does not have the power to require pharmacies or PBMs to provide copies of their contracts to the Board. A provision in Minn. Stats. §151.06 authorizes the Board to enter pharmacies and obtain copies of specific types records. Contracts are not listed as documents for which we can request copies. Further, the Board is specifically prohibited from requesting “financial data, sales data and pricing data.”

Consequently, the Board would not have the authority to try to routinely monitor compliance with this section of law. It is possible that we might be able to investigate a complaint alleging that a contract is in violation of this section. However, the Board has not yet received any complaints about the existing portion of section 151.214 since it was enacted. So, we assume that we would receive few complaints about the amended section of law. Certainly not enough to justify including costs for complaint investigations or disciplinary cases. If the Board does occasionally receive complaints, those complaints can be handled using existing staff and within our current appropriation.

Expenditure and/or Revenue Formula

No fiscal impact.

Long-Term Fiscal Considerations

Probably none. In the unlikely event that the Board does receive a large number of complaints related to this section of the statutes, we might have to ask the Legislature for an increased appropriation.

Local Fiscal Impact

None known.

References/Sources

Agency Contact: Cody Wiberg (651-201-2830)

Agency Fiscal Note Coordinator Signature: Juli Vangsness

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Chief Author: **Matt Dean**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/28/2018**
 Agency: **Commerce Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Marianne Conboy Date: 3/27/2018 1:43:11 PM
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State Cost (Savings) Calculation Details

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	Biennial Total			-		-
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	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

House File 3024 prohibits contracts between employer-sponsored health plans, health plan companies, or its contracted pharmacy benefit managers (PBM) and pharmacies from including contractual clauses that prohibit pharmacists from informing patients when the cost of a drug would be lower if they were to purchase it out-of-pocket rather than through their insurer or PBM.

Assumptions

The Commerce Department assumes no costs associated with this bill because the agency does not have regulatory authority over Minn. Stat. 151. Commerce does not currently review contracts between health plans and pharmacy benefit managers.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Amy Trumper

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HF3024 - 0 - "Health Plan Co-Pharmacist Price Diff"

Chief Author: **Matt Dean**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/28/2018**
 Agency: **Minn Management and Budget**

State Fiscal Impact	Yes	No
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Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
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Total	-	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Cole St. Arnold Date: 3/26/2018 4:52:25 PM
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State Cost (Savings) Calculation Details

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Total	-	-	-	-	-	-
Biennial Total			-			-
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Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

HF3024 would prohibit a health plan company from contractually preventing a pharmacist from informing a patient of a price difference in their prescription drug.

Assumptions

MMB administers the State Employee Group Insurance Program (SEGIP) which provides health, dental, life and other benefits to eligible State employees and their dependents, and other groups including quasi-state agencies under the legislative authority provided in Minnesota Statutes 43A. Health benefits are provided through the self-funded Minnesota Advantage Health Plan.

The Minnesota Advantage Plan provides coverage for prescription drugs and services through a pharmacy benefit manager (PBM). The Advantage Plan, through our PBM, does not prohibit pharmacists from informing members of the lowest cost option for their prescription. The Advantage plan’s prescription drug program is already in compliance with the proposed legislation, and so MMB does not expect a financial impact.

Expenditure and/or Revenue Formula

Not Applicable

Long-Term Fiscal Considerations

Not Applicable

Local Fiscal Impact

References/Sources

Program Information from SEGIP, administered through MMB

Agency Contact: Galen Benshoof (651) 259-3703

Agency Fiscal Note Coordinator Signature: Ruth McGlynn

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Date: 3/26/2018 4:45:09 PM

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