

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1872

DATE: March 19, 2014

Version: Delete everything amendment H1872DE3

Authors: Atkins

Subject: Maximum Allowable Cost Pricing

Analyst: Randall Chun, (651) 296-8639

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/hrd.htm.

Overview

The bill establishes requirements for contracts between pharmacy benefit managers (PBMs) and pharmacies related to the use of maximum allowable cost pricing.

Section

1 Maximum allowable cost pricing. Adds § 151.71

Subd. 1. Definitions. Defines health plan company and pharmacy benefit manager.

Subd. 2. Pharmacy benefit manager contracts with pharmacies; maximum allowable cost pricing. (a) Requires PBM contracts with pharmacies to give the pharmacy the right to obtain from the PBM a current list of the sources used to determine maximum allowable cost pricing. Requires the PBM to update pricing information at least every seven business days and provide a means by which pharmacies can review current prices within one business day at no cost to the pharmacy. Requires the PBM to maintain a procedure to eliminate drugs from the maximum allowable cost list in a timely manner to remain consistent with changes in the marketplace.

(b) In order to place a prescription drug on the maximum allowable cost list, requires the PBM to ensure that the drug is generally available for purchase and is not obsolete.

(c) Requires contracts to include a process to appeal, investigate, and resolve disputes related to maximum allowable cost pricing. Specifies criteria for the process.

Section

(d) If an appeal is upheld, requires the PBM to adjust the maximum allowable cost price no later than one business day after the date of determination. Requires the PBM to make the adjustment applicable to all similarly situated network pharmacies.

Provides a January 1, 2015, effective date.