

One Hundred Fifth Legislature - First Session - 2017

Introducer's Statement of Intent

LB324

Chairperson: Senator Brett Lindstrom

Committee: Banking, Commerce and Insurance

Date of Hearing: February 27, 2017

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 324 creates the Pharmacy Benefit Fairness and Transparency Act. The Pharmacy Benefit Fairness and Transparency Act requires that all pharmacy benefit managers (PBMs) doing business in Nebraska obtain certification as a Third Party Administrator, with oversight by the Nebraska Department of Insurance. Violation of these Acts shall be considered unfair trade practices per the Unfair Insurance Trade Practices Act. LB 324 allows the Director to examine the financial condition of the PBM pursuant to the Insurers Examination Act.

LB 324 establishes transparency provisions for the PBMs to follow when contracting with pharmacies, as well as prompt payment provisions, and payment calculation and pricing methodology. PBMs are not allowed to include in their contracts with pharmacies

- (a) language that is more restrictive than state law,
- (b) any restrictions on sharing pricing information with patients for their medications,
- (c) restrictions on pharmacies mailing medications to patients at the request of the patients or mandating the use of the PBM owned mail-order pharmacies, and
- (d) restrictions on pharmacies being allowed in preferred networks.

PBMs cannot charge transaction-based fees.

LB 324 establishes fair audit provisions and processes that must be complied with regarding performing audits and appeals. PBMs are required to provide Explanation of Benefits to patients for pharmacy claims. The PBMs are required to notify the Department of Insurance if fraud or drug diversion is suspected by the pharmacy.

Principal Introducer: _____

Senator Mark Kolterman