

**Proposed Substitute
Bill No. 5384**

LCO No. 2861

AN ACT CONCERNING PRESCRIPTION DRUG COSTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-479aaa of the general statutes is repealed and
2 the following is substituted in lieu thereof (*Effective January 1, 2019*):

3 As used in this section and sections 38a-479bbb to 38a-479iii,
4 inclusive, and sections 2 and 3 of this act:

5 (1) "Commissioner" means the Insurance Commissioner;

6 (2) "Department" means the Insurance Department;

7 (3) "Drug" means drug, as defined in section 21a-92;

8 (4) "Person" means person, as defined in section 38a-1;

9 (5) "Pharmacist services" includes (A) drug therapy and other
10 patient care services provided by a licensed pharmacist intended to
11 achieve outcomes related to the cure or prevention of a disease,
12 elimination or reduction of a patient's symptoms, and (B) education or
13 intervention by a licensed pharmacist intended to arrest or slow a
14 disease process;

15 (6) "Pharmacist" means an individual licensed to practice pharmacy
16 under section 20-590, 20-591, 20-592 or 20-593, and who is thereby
17 recognized as a health care provider by the state of Connecticut;

18 (7) "Pharmacy" means a place of business where drugs may be sold
19 at retail and for which a pharmacy license has been issued to an
20 applicant pursuant to section 20-594; and

21 (8) "Pharmacy benefits manager" or "manager" means any person
22 that administers the prescription drug, prescription device, pharmacist
23 services or prescription drug and device and pharmacist services
24 portion of a health benefit plan on behalf of plan sponsors such as self-
25 insured employers, insurance companies, labor unions and health care
26 centers.

27 Sec. 2. (NEW) (*Effective January 1, 2019*) (a) As used in this section:

28 (1) "Health benefit plan" means a health benefit plan, as defined in
29 section 38a-591a of the general statutes, that includes a pharmacy
30 benefit;

31 (2) "Health carrier" means health carrier, as defined in section 38a-
32 591a of the general statutes; and

33 (3) "Rebate" means any discount or concession, including any
34 volume-based discount or concession, regarding the price of a
35 prescription drug that a pharmaceutical manufacturer provides,
36 directly or indirectly, to a pharmacy benefits manager after the
37 pharmacy benefits manager processes a claim from a pharmacy for a
38 prescription drug manufactured by such pharmaceutical
39 manufacturer.

40 (b) Not later than March 1, 2019, and annually thereafter, each
41 pharmacy benefits manager shall file a report with the Office of Health
42 Strategy, established pursuant to section 19a-754a of the general
43 statutes, as amended by this act, for the immediately preceding
44 calendar year. The report shall contain the following information for
45 each health benefit plan that included a pharmacy benefit managed by
46 the pharmacy benefits manager during such year:

47 (1) The total dollar amount of all rebates that such pharmacy

48 benefits manager received from pharmaceutical manufacturers that
49 manufactured drugs covered by such health benefit plan during such
50 year;

51 (2) The total dollar amount of all rebates that such pharmacy
52 benefits manager received from pharmaceutical manufacturers that
53 manufactured drugs covered by such health benefit plan during such
54 year, excluding any portion of such rebates received by the health
55 carrier that delivered, issued for delivery, renewed, amended or
56 continued such plan; and

57 (3) The total dollar amount of all administrative fees that such
58 pharmacy benefits manager received during such year from the health
59 carrier that delivered, issued for delivery, renewed, amended or
60 continued such health benefit plan.

61 (c) The commissioner may adopt regulations, in accordance with the
62 provisions of chapter 54 of the general statutes, to implement this
63 section.

64 Sec. 3. (NEW) (*Effective January 1, 2019*) (a) Each pharmacy benefits
65 manager shall, for each health benefit plan that includes a pharmacy
66 benefit managed by such pharmacy benefits manager, publish on such
67 pharmacy benefits manager's Internet web site (1) such health benefit
68 plan's drug formulary, and (2) timely notice regarding any (A) change
69 to such formulary, or (B) exclusion from such formulary.

70 (b) The commissioner may adopt regulations, in accordance with
71 the provisions of chapter 54 of the general statutes, to implement this
72 section.

73 Sec. 4. (NEW) (*Effective January 1, 2019*) (a) Each insurer, health care
74 center, hospital service corporation, medical service corporation or
75 fraternal benefit society that delivers, issues for delivery, renews,
76 amends or continues an individual or group health insurance policy in
77 this state on or after January 1, 2019, providing coverage of the type

78 specified in subdivisions (1), (2), (4), (11) and (12) of section 38a-469 of
79 the general statutes shall, on or before May 1, 2019, and annually
80 thereafter, submit a report to the Insurance Commissioner containing
81 statistical information for the immediately preceding calendar year,
82 including, but not limited to, information concerning:

83 (1) Decisions on requests for coverage of noncovered benefits; and

84 (2) Prior authorizations, including, but not limited to, (A) the ratio
85 of prior authorizations denied to prior authorizations requested, (B) for
86 each level of review, the ratio of prior authorization appeals denied to
87 prior authorization appeals conducted, and (C) the maximum,
88 minimum and average number of hours that passed between
89 submission of a request for prior authorization and entry of a decision
90 regarding such request, including any internal or external appeals
91 from such decision.

92 (b) Each report submitted pursuant to subsection (a) of this section
93 shall be in a format that permits comparison between health insurance
94 policies.

95 (c) The Insurance Commissioner may adopt regulations, in
96 accordance with the provisions of chapter 54 of the general statutes, to
97 implement this section.

98 Sec. 5. (NEW) (*Effective January 1, 2019*) (a) For the purposes of this
99 section:

100 (1) "Drug" has the same meaning as provided in section 21a-92 of
101 the general statutes;

102 (2) "Health benefit plan" means a health benefit plan, as defined in
103 section 38a-591a of the general statutes, that includes prescription drug
104 coverage;

105 (3) "Health carrier" has the same meaning as provided in section
106 38a-591a of the general statutes;

107 (4) "Rebate" means any direct or indirect rebate, discount or other
108 price concession that the state or a health carrier receives, or expects to
109 receive, from a pharmaceutical manufacturer related to use of a
110 prescription drug manufactured by such pharmaceutical
111 manufacturer;

112 (5) "Research and development cost" means any cost that a
113 pharmaceutical manufacturer incurs in researching or developing a
114 new product, process or service, including, but not limited to, any cost
115 that a pharmaceutical manufacturer incurs in researching or
116 developing a product, process or service that the pharmaceutical
117 manufacturer acquires from another person by license; and

118 (6) "Wholesale acquisition cost" has the same meaning as provided
119 in 42 USC 1395w-3a.

120 (b) (1) Beginning on March 1, 2019, and annually thereafter, a health
121 carrier may submit a written complaint to the Insurance
122 Commissioner, in a form and manner prescribed by the commissioner,
123 regarding a prescription drug if:

124 (A) The health carrier delivered, issued for delivery, renewed,
125 amended or continued a health benefit plan in this state during the
126 immediately preceding calendar year;

127 (B) The health carrier included the prescription drug in the health
128 benefit plan's drug formulary;

129 (C) The wholesale acquisition cost of the prescription drug
130 increased by not less than twenty-five per cent during the immediately
131 preceding calendar year; and

132 (D) The health carrier determines, through an actuarial analysis
133 performed by an independent, third-party actuary, (i) that the increase
134 in the wholesale acquisition cost of the prescription drug, less all
135 rebates paid to the health carrier during the immediately preceding
136 calendar year for such prescription drug and controlling for all other

137 changes in expenses and costs incurred under the terms of the health
138 benefit plan, caused the premium of such health benefit plan to
139 increase by not less than one dollar per member, per month, (ii) the
140 dollar amount of such increase, and (iii) the dollar amount of such
141 increase attributable to increased utilization of such prescription drug.

142 (2) Each health carrier that submits a complaint to the commissioner
143 pursuant to subdivision (1) of this subsection shall simultaneously
144 submit a copy of such complaint to the pharmaceutical manufacturer
145 that manufactured the prescription drug that is the subject of such
146 complaint.

147 (c) Not later than thirty days after a pharmaceutical manufacturer
148 receives a complaint submitted pursuant to subsection (b) of this
149 section, the pharmaceutical manufacturer shall submit to the Insurance
150 Commissioner, in a form and manner prescribed by the commissioner,
151 a written response to the complaint. The response shall include
152 information regarding (1) all rebates that the pharmaceutical
153 manufacturer paid, directly or indirectly, to the health carrier during
154 the year for the prescription drug that is the subject of such complaint,
155 and (2) utilization of the prescription drug that is the subject of the
156 complaint under the relevant health benefit plan.

157 (d) (1) The Insurance Commissioner shall (A) review each complaint
158 and response submitted pursuant to subsections (b) and (c) of this
159 section, and (B) determine whether the increase in the cost of the
160 prescription drug caused the premium of the health benefit plan to
161 increase by not less than one dollar per member, per month.

162 (2) If the commissioner determines, pursuant to subdivision (1) of
163 this subsection, that the increase in the cost of the prescription drug
164 caused the premium of the health benefit plan to increase by not less
165 than one dollar per member, per month, the commissioner shall (A)
166 certify such determination, and (B) issue written notice of such
167 determination, in a form and manner prescribed by the commissioner,
168 to the health carrier and the pharmaceutical manufacturer.

169 (e) If the wholesale acquisition cost of a prescription drug increases
170 by an amount that is not less than the amount specified in
171 subparagraph (C) of subdivision (1) of subsection (b) of this section,
172 the pharmaceutical manufacturer that manufactured such drug shall
173 submit to the Insurance Commissioner, in a form and manner
174 prescribed by the commissioner, (1) aggregate, company-level research
175 and development costs and such other capital expenditures that the
176 commissioner, in the commissioner's discretion, deems relevant for the
177 most recent year for which final audited data are available, and (2) a
178 written, narrative description, suitable for public release, of all factors
179 that contributed to the increase in the cost of such drug.

180 (f) The quality and types of information and data that a
181 pharmaceutical manufacturer submits to the Insurance Commissioner
182 pursuant to this section shall be consistent with the quality and types
183 of information and data that the pharmaceutical manufacturer
184 includes in (1) such pharmaceutical manufacturer's annual
185 consolidated report on Securities and Exchange Commission Form 10-
186 K, or (2) any other public disclosure.

187 (g) The Insurance Commissioner shall consult with pharmaceutical
188 manufacturers to establish a single, standardized form for reporting
189 information and data pursuant to this section. The form shall minimize
190 the administrative burden and cost imposed by this section on the state
191 and pharmaceutical manufacturers.

192 (h) Except as otherwise provided in subsection (e) of this section,
193 information and data submitted to the Insurance Commissioner
194 pursuant to this section shall not be available for public inspection, and
195 the commissioner shall withhold such information and data from
196 public disclosure under the Freedom of Information Act, as defined in
197 section 1-200 of the general statutes. The commissioner shall not
198 disclose such information and data in a manner that would enable a
199 third party to identify an individual drug, therapeutic class of drugs or
200 pharmaceutical manufacturer, or that is likely to compromise the

201 financial, competitive or proprietary nature of such information and
202 data.

203 Sec. 6. Section 19a-754a of the 2018 supplement to the general
204 statutes is repealed and the following is substituted in lieu thereof
205 (*Effective January 1, 2019*):

206 (a) For the purposes of this section:

207 (1) "Abbreviated new drug application" has the same meaning as
208 provided in Section 314.3 of Title 21 of the Code of Federal
209 Regulations.

210 (2) "Accelerated approval" has the same meaning as provided in 21
211 USC 356.

212 (3) "Biologics license application" means an application filed
213 pursuant to Section 601.2 of Title 21 of the Code of Federal
214 Regulations.

215 (4) "Breakthrough therapy" has the same meaning as provided in 21
216 USC 356.

217 (5) "Drug" has the same meaning as provided in section 21a-92.

218 (6) "Exchange" means the Connecticut Health Insurance Exchange
219 established pursuant to section 38a-1081.

220 (7) "Fast track product" has the same meaning as provided in 21
221 USC 356.

222 (8) "Health benefit plan" means a health benefit plan, as defined in
223 section 38a-591a, that includes prescription drug coverage.

224 (9) "Health carrier" has the same meaning as provided in section
225 38a-591a.

226 (10) "New drug application" has the same meaning as provided in

227 Section 314.3 of Title 21 of the Code of Federal Regulations.

228 (11) "New molecular entity" has the same meaning as such term is
229 used in 21 USC 355-1.

230 (12) "Office" means the Office of Health Strategy established in
231 subsection (b) of this section.

232 (13) "Orphan drug" has the same meaning as provided in Section
233 316.3 of Title 21 of the Code of Federal Regulations.

234 (14) (A) "Payer" means (i) each department, agency and institution
235 supported, in whole or in part, by the state that provides prescription
236 drugs at state expense, (ii) a health carrier, (iii) an insurer, as described
237 in section 38a-1, or health care center, as defined in section 38a-175,
238 that provides coverage under Part C or Part D of Title XVIII of the
239 Social Security Act, as amended from time to time, to residents of this
240 state, (iv) a third-party administrator, as defined in section 38a-720, (v)
241 a pharmacy benefits manager, as defined in section 38a-479aaa, as
242 amended by this act, (vi) a nonprofit medical service corporation, as
243 defined in section 38a-214, (vii) a dental plan organization, as defined
244 in section 38a-577, (viii) a preferred provider network, as defined in
245 section 38a-479aa, and (ix) any other person who administers health
246 care claims and payments pursuant to a contract or agreement or is
247 required by statute to administer such claims and payments.

248 (B) "Payer" does not mean an employee welfare benefit plan, as
249 defined in the federal Employee Retirement Income Security Act of
250 1974, as amended from time to time, that is also a trust established
251 pursuant to collective bargaining subject to the federal Labor
252 Management Relations Act.

253 (15) "Pipeline drug" means any drug containing a new molecular
254 entity for which a sponsor has filed a new drug application or
255 biologics license application with, and received an action date from,
256 the federal Food and Drug Administration.

257 (16) "Prescription drug" means any drug prescribed by a health care
258 provider to an individual in this state.

259 (17) "Priority review" has the same meaning as such term is used in
260 21 USC 356.

261 (18) "Rebate" means any rebate, discount or other price concession
262 that the state or a health carrier receives or expects to receive, directly
263 or indirectly, from a pharmaceutical manufacturer relating to the use
264 of a prescription drug manufactured by the pharmaceutical
265 manufacturer.

266 (19) "Research and development cost" means any cost that a
267 pharmaceutical manufacturer incurs during a calendar year in
268 researching or developing a new product, process or service,
269 including, but not limited to, any cost that a pharmaceutical
270 manufacturer incurs in researching or developing a product, process
271 or service that the pharmaceutical manufacturer has acquired from
272 another person by license.

273 (20) "Sponsor" has the same meaning as provided in Section 316.3 of
274 Title 21 of the Code of Federal Regulations.

275 (21) "Wholesale acquisition cost" has the same meaning as provided
276 in 42 USC 1395w-3a.

277 [(a)] (b) There is established an Office of Health Strategy, which
278 shall be within the Department of Public Health for administrative
279 purposes only. The department head of said office shall be the
280 executive director of the [Office of Health Strategy] office, who shall be
281 appointed by the Governor in accordance with the provisions of
282 sections 4-5 to 4-8, inclusive, with the powers and duties therein
283 prescribed.

284 [(b)] (c) On or before July 1, 2018, the [Office of Health Strategy]
285 office shall be responsible for the following:

286 (1) Developing and implementing a comprehensive and cohesive
287 health care vision for the state, including, but not limited to, a
288 coordinated state health care cost containment strategy;

289 (2) Directing and overseeing (A) the all-payers claims database
290 program established pursuant to section 19a-755a, and (B) the State
291 Innovation Model Initiative and related successor initiatives;

292 (3) Coordinating the state's health information technology
293 initiatives;

294 (4) Directing and overseeing the Office of Health Care Access and
295 all of its duties and responsibilities as set forth in chapter 368z; and

296 (5) Convening forums and meetings with state government and
297 external stakeholders, including, but not limited to, the [Connecticut
298 Health Insurance Exchange] exchange, to discuss health care issues
299 designed to develop effective health care cost and quality strategies.

300 (d) Beginning on January 1, 2019, each sponsor shall submit to the
301 office, in a form and manner specified by the office, written notice
302 informing the office that the sponsor has filed with the federal Food
303 and Drug Administration:

304 (1) A new drug application or biologics license application for a
305 pipeline drug not later than sixty days after such sponsor's receipt of
306 an action date from the federal Food and Drug Administration
307 regarding such application;

308 (2) An abbreviated new drug application for a generic drug not later
309 than sixty days after such sponsor filed such application; or

310 (3) A biologics license application for a biosimilar drug not later
311 than sixty days after such sponsor's receipt of an action date from the
312 federal Food and Drug Administration regarding such application.

313 (e) (1) Beginning on January 1, 2019, the office may conduct a study,

314 not more frequently than once annually, of each pharmaceutical
315 manufacturer of a pipeline drug that, in the opinion of the executive
316 director of the office, may have a significant impact on state
317 expenditures for drugs. The office may contract with a third party,
318 including, but not limited to, an accounting firm, to conduct such
319 study.

320 (2) Each pharmaceutical manufacturer that is the subject of a study
321 conducted pursuant to subdivision (1) of this subsection shall submit
322 to the office, or any contractor engaged by the office to perform such
323 study, the following information for the pipeline drug that is the
324 subject of such study:

325 (A) The primary disease, condition or therapeutic area studied in
326 connection with such drug and whether such drug is therapeutically
327 indicated for such disease, condition or therapeutic area;

328 (B) Each route of administration studied for such drug;

329 (C) Clinical trial comparators, if applicable, for such drug;

330 (D) The estimated year of market entry for such drug;

331 (E) Whether the federal Food and Drug Administration has
332 designated such drug as an orphan drug, a fast track product or a
333 breakthrough therapy; and

334 (F) Whether the federal Food and Drug Administration has
335 designated such drug for accelerated approval and, if such drug
336 contains a new molecular entity, for priority review.

337 (f) (1) On or before March 1, 2019, and annually thereafter, the
338 office, in consultation with the Comptroller, Commissioner of Social
339 Services, Insurance Commissioner and Commissioner of Public Health,
340 shall prepare a list of not more than ten prescription drugs that the
341 executive director of the office, in the executive director's discretion,
342 determines are (A) provided at substantial cost to the state,

343 considering the net cost of such drugs, or (B) critical to public health.
344 The list shall include prescription drugs from different therapeutic
345 classes of drugs and not less than one generic prescription drug. The
346 office shall not list any prescription drug under this subdivision unless
347 the wholesale acquisition cost of the prescription drug, less all rebates
348 paid to the state for such prescription drug during the immediately
349 preceding calendar year, increased by not less than twenty-five per
350 cent during the immediately preceding calendar year.

351 (2) (A) The pharmaceutical manufacturer of a prescription drug
352 included on a list prepared by the office pursuant to subdivision (1) of
353 this subsection shall provide to the office, in a form and manner
354 specified by the office, (i) a written, narrative description, suitable for
355 public release, of all factors that caused the increase in the wholesale
356 acquisition cost of the listed prescription drug, and (ii) aggregate,
357 company-level research and development costs and such other capital
358 expenditures that the executive director of the office, in the executive
359 director's discretion, deems relevant for the most recent year for which
360 final audited data are available.

361 (B) The quality and types of information and data that a
362 pharmaceutical manufacturer submits to the office under this
363 subdivision shall be consistent with the quality and types of
364 information and data that the pharmaceutical manufacturer includes
365 in (i) such pharmaceutical manufacturer's annual consolidated report
366 on Securities and Exchange Commission Form 10-K, or (ii) any other
367 public disclosure.

368 (3) The office shall consult with pharmaceutical manufacturers to
369 establish a single, standardized form for reporting information and
370 data pursuant to this subsection. The form shall minimize the
371 administrative burden and cost imposed by this subsection on the state
372 and pharmaceutical manufacturers.

373 (g) Not later than May 1, 2019, and annually thereafter, the office
374 shall post the information the office receives pursuant to subsection (b)

375 of section 2 of this act on the office's Internet web site.

376 (h) Not later than June 1, 2019, and annually thereafter, the office
377 shall publish a report that includes the following information:

378 (1) All information that the office received pursuant to subsections
379 (e) and (f) of this section;

380 (2) Any information that the office has collected from any
381 commissioner, officer or agency of the state concerning the cost of
382 prescription drugs, including, but not limited to, information
383 concerning the historical cost of prescription drugs in this state, any
384 legal action against pharmaceutical manufacturers implicating the cost
385 of prescription drugs, and the marketing budgets of pharmaceutical
386 manufacturers; and

387 (3) Any other publicly available information that the executive
388 director of the office, in the executive director's discretion, deems
389 relevant to the cost of prescription drugs in this state.

390 (i) Except as otherwise provided in this section, information and
391 data submitted to the office pursuant to this section shall not be
392 available for public inspection, and the office shall withhold such
393 information and data from public disclosure under the Freedom of
394 Information Act, as defined in section 1-200. The office shall not
395 disclose such information and data in a manner (1) that is likely to
396 compromise the financial, competitive or proprietary nature of
397 information and data, or (2) would enable a third party to identify a
398 pharmaceutical manufacturer, health carrier, health benefit plan, an
399 individual drug, therapeutic class of drugs, the prices charged for any
400 particular drug or therapeutic class of drugs, or the value of any rebate
401 provided for any particular drug or therapeutic class of drugs.

402 [(c)] (j) The [Office of Health Strategy] office shall constitute a
403 successor, in accordance with the provisions of sections 4-38d, 4-38e
404 and 4-39, to the functions, powers and duties of the following:

405 (1) The [Connecticut Health Insurance Exchange, established
406 pursuant to section 38a-1081,] exchange relating to the administration
407 of the all-payer claims database pursuant to section 19a-755a; and

408 (2) The Office of the Lieutenant Governor, relating to the (A)
409 development of a chronic disease plan pursuant to section 19a-6q, (B)
410 housing, chairing and staffing of the Health Care Cabinet pursuant to
411 section 19a-725, and (C) (i) appointment of the health information
412 technology officer pursuant to section 19a-755, and (ii) oversight of the
413 duties of such health information technology officer as set forth in
414 sections 17b-59, 17b-59a and 17b-59f.

415 [(d)] (k) Any order or regulation of the entities listed in subdivisions
416 (1) and (2) of subsection [(c)] (j) of this section that is in force on July 1,
417 2018, shall continue in force and effect as an order or regulation until
418 amended, repealed or superseded pursuant to law.

419 (l) The Commissioner of Public Health may impose a penalty of not
420 more than fifteen thousand dollars for a violation of this section.

421 (m) The Commissioner of Public Health may adopt regulations, in
422 accordance with the provisions of chapter 54, to implement the
423 provisions of this section.

424 Sec. 7. Subsection (a) of section 38a-477d of the 2018 supplement to
425 the general statutes is repealed and the following is substituted in lieu
426 thereof (*Effective January 1, 2019*):

427 (a) Each insurer, health care center, hospital service corporation,
428 medical service corporation, fraternal benefit society or other entity
429 that delivers, issues for delivery, renews, amends or continues a health
430 insurance policy providing coverage of the type specified in
431 subdivisions (1), (2), (4), (11) and (12) of section 38a-469 in this state,
432 shall:

433 (1) Make available to consumers, in an easily readable, accessible
434 and understandable format, the following information for each such

435 policy: (A) Any coverage exclusions; (B) any restrictions on the use or
436 quantity of a covered benefit, including on prescription drugs or drugs
437 administered in a physician's office or a clinic; (C) a specific
438 description of how prescription drugs are included or excluded from
439 any applicable deductible, including a description of other out-of-
440 pocket expenses that apply to such drugs; [and] (D) the specific dollar
441 amount of any copayment and the percentage of any coinsurance
442 imposed on each covered benefit, including each covered prescription
443 drug; and (E) information regarding any process available to
444 consumers, and all documents necessary, to seek coverage of a health
445 care service on the grounds that such service is medically necessary;

446 (2) Make available to consumers a way to determine accurately (A)
447 whether a specific prescription drug is available under such policy's
448 drug formulary; (B) the coinsurance, copayment, deductible or other
449 out-of-pocket expense applicable to such drug; (C) whether such drug
450 is covered when dispensed by a physician or a clinic; (D) whether such
451 drug requires prior authorization or the use of step therapy; (E)
452 whether specific types of health care specialists are in-network; and (F)
453 whether a specific health care provider or hospital is in-network.

454 Sec. 8. Section 38a-478j of the general statutes is repealed and the
455 following is substituted in lieu thereof (*Effective January 1, 2019*):

456 (a) Each managed care plan that requires a percentage coinsurance
457 payment by the insured shall calculate the insured's coinsurance
458 payment on the lesser of the provider's or vendor's charges for the
459 goods or services or the amount payable by the managed care
460 organization for such goods or services, except as otherwise required
461 by the laws of a foreign state when applicable to providers, vendors or
462 patients in such foreign state.

463 (b) (1) For the purposes of this subsection, "rebate" means (A) any
464 price concession received by a managed care organization regarding
465 use of a prescription drug, and (B) any fee or other administrative cost
466 that reduces a managed care organization's prescription drug costs.

467 (2) Beginning on March 1, 2019, and annually thereafter, each
468 managed care organization shall submit to the commissioner, in a form
469 and manner prescribed by the commissioner, a certification that (A)
470 during the immediately preceding calendar year, the managed care
471 organization made available to each enrollee that purchased a covered
472 prescription drug, at the time that such enrollee purchased the covered
473 prescription drug, the majority of any rebate for such covered
474 prescription drug, and (B) the managed care organization accounted
475 for all rebates in calculating the premium for each managed care plan
476 issued by such managed care organization.

477 (3) Except as set forth in subdivision (2) of this subsection, neither
478 the commissioner nor any managed care organization that submits a
479 report to the commissioner pursuant to subdivision (2) of this
480 subsection shall publish or otherwise reveal any information regarding
481 the value of any rebate received by such managed care organization.
482 The commissioner shall withhold such information from public
483 disclosure under the Freedom of Information Act, as defined in section
484 1-200.

485 (4) Each managed care organization that receives a rebate shall
486 require that each party to a contract delivered, issued for delivery,
487 renewed, amended or continued by such managed care organization
488 on or after January 1, 2019, not publish or otherwise reveal any
489 information regarding the value of any rebate received by such
490 managed care organization.

491 Sec. 9. Section 38a-479bbb of the general statutes is repealed and the
492 following is substituted in lieu thereof (*Effective January 1, 2019*):

493 (a) [Except as provided in subsection (d) of this section, no] No
494 person shall act as a pharmacy benefits manager in this state without
495 first obtaining a certificate of registration from the commissioner.

496 (b) Any person seeking a certificate of registration shall apply to the
497 commissioner, in writing, on a form provided by the commissioner.

498 The application form shall state (1) the name, address, official position
499 and professional qualifications of each individual responsible for the
500 conduct of the affairs of the pharmacy benefits manager, including all
501 members of the board of directors, board of trustees, executive
502 committee, other governing board or committee, the principal officers
503 in the case of a corporation, the partners or members in the case of a
504 partnership or association and any other person who exercises control
505 or influence over the affairs of the pharmacy benefits manager, and (2)
506 the name and address of the applicant's agent for service of process in
507 this state.

508 (c) Each application for a certificate of registration shall be
509 accompanied by (1) a nonrefundable fee of fifty dollars, and (2)
510 evidence of a surety bond in an amount equivalent to ten per cent of
511 one month of claims in this state over a twelve-month average, except
512 that such bond shall not be less than twenty-five thousand dollars or
513 more than one million dollars.

514 [(d) Any pharmacy benefits manager operating as a line of business
515 or affiliate of a health insurer, health care center, hospital service
516 corporation, medical service corporation or fraternal benefit society
517 licensed in this state or any affiliate of such health insurer, health care
518 center, hospital service corporation, medical service corporation or
519 fraternal benefit society shall not be required to obtain a certificate of
520 registration. Such health insurer, health care center, hospital service
521 corporation, medical service corporation or fraternal benefit society
522 shall notify the commissioner annually, in writing, on a form provided
523 by the commissioner, that it is affiliated with or operating a business as
524 a pharmacy benefits manager.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2019</i>	38a-479aaa
Sec. 2	<i>January 1, 2019</i>	New section
Sec. 3	<i>January 1, 2019</i>	New section

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Sec. 4	<i>January 1, 2019</i>	New section
Sec. 5	<i>January 1, 2019</i>	New section
Sec. 6	<i>January 1, 2019</i>	19a-754a
Sec. 7	<i>January 1, 2019</i>	38a-477d(a)
Sec. 8	<i>January 1, 2019</i>	38a-478j
Sec. 9	<i>January 1, 2019</i>	38a-479bbb