



Senate

General Assembly

File No. 359

February Session, 2022

Senate Bill No. 410

Senate, April 6, 2022

The Committee on Insurance and Real Estate reported through SEN. LESSER of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING PHARMACY BENEFIT MANAGERS AND SPREAD PRICING.

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

- 1 Section 1. (*Effective from passage*) Not later than January 1, 2023, the
2 Insurance Department shall prepare and submit a report, in accordance
3 with section 11-4a of the general statutes, to the joint standing committee
4 of the General Assembly having cognizance of matters relating to
5 insurance. Such report shall include, but not be limited to, an analysis of
6 pharmacy benefit manager distribution of prescription drug practices
7 regarding spread pricing arrangements, manufacturing rebates and
8 transparency and accountability.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	New section
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INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Insurance Dept.	IF - Potential Cost	Up to \$500,000	None

Note: IF=Insurance Fund

Municipal Impact: None

Explanation

The bill results in a potential cost of up to \$500,000 to the Insurance Fund in FY 23. The bill requires the Insurance Department (DOI) to prepare and submit a report to the Insurance and Real Estate Committee by January 1, 2023, which must include an analysis of pharmacy benefit managers' (PBM) use of spread pricing arrangements, manufacturing rebates and transparency and accountability. If the agency can collect sufficiently detailed information from PBMs as would be required for an in-depth analysis, it is anticipated that DOI would hire a consultant with expertise in drug pricing and PBM drug distribution practices to prepare the report at a cost of up to \$500,000. The cost would depend on the complexity of the analysis.

The Out Years

There is no fiscal impact in the out years.



OLR Bill Analysis

SB 410

AN ACT CONCERNING PHARMACY BENEFIT MANAGERS AND SPREAD PRICING.

SUMMARY

The Office of Legislative Research does not analyze Special Acts.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 17 Nay 0 (03/22/2022)