

# Fiscal Note

**BILL #** SB 1330

**TITLE:** discount prescription drugs; pharmacies

**SPONSOR:** Barto

**STATUS:** As Introduced

**PREPARED BY:** Rebecca Perrera

## Description

Among other provisions, the bill would prohibit health insurers and pharmacy benefit managers (PBM) from reimbursing 340B pharmacies at rates lower than the rates they would reimburse similarly-sized non-340B pharmacies.

## Estimated Impact

The Arizona Department of Administration (ADOA) does not have 340B eligible members covered under the state employee health insurance program. As a result, there is no direct cost to the state's health insurance plan under the proposal.

There would be no impact on AHCCCS's contracted health plans because AHCCCS would be exempt from the requirements of the bill.

The Department of Insurance and Financial Institutions has not yet provided an administrative cost estimate.

## Analysis

Section 340B of the federal Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for patients in vulnerable communities. These health care organizations, also known as "340B covered entities," often contract with outside pharmacies to dispense drugs to eligible patients. The bill would prohibit third-party health plans from reimbursing these contracted outside 340B pharmacies at a lower rate.

The state employee health insurance plan is run by ADOA through the Health Insurance Trust Fund (HITF). The state uses a self-insured model, meaning that the state is responsible for the direct costs of health insurance claims. The state utilizes a health care administration contract to access healthcare networks and administer the insurance program. Because ADOA's insured members do not meet the requirements for 340B, there is no direct cost to the state. There may be costs associated with the market to the extent that pharmacies negotiate prices with health care plans, but that cannot be determined in advance.

## Local Government Impact

The impact of the bill on local governments' health insurance costs cannot be determined in advance. The impact would be dependent on current membership coverage and contracts.

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