

OFFICE OF FISCAL ANALYSIS

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SB-410

AN ACT CONCERNING PHARMACY BENEFIT MANAGERS AND SPREAD PRICING.

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.

Primary Analyst: MP
Contributing Analyst(s):
Reviewer: ME

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