

EXHIBIT F



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NCSL Background Brief

State Legislation Affecting Pharmaceutical Benefit Managers (PBMs)

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Pharmaceutical Benefit Managers or “PBMs” have emerged as major forces in the selection, sale and delivery of prescription drugs in the United States. They exert wide influence on which drugs are utilized and what they cost. They negotiate with and pressure drug makers to provide significant discounts or rebates in return for access to tens of millions of patients. Increasingly, they also help governments, insurers and major employers design and administer pharmacy benefits, and directly operate mail-order pharmacy services. A 2004 industry report estimates that “200 million people, or about 68 percent of the U.S. population, are in private plans with pharmacy benefit management.” By 2006, with Medicare benefits provided by private health insurance plans, those numbers increased to about 217 million, or about 76 percent of the population.¹

During the past four years, a growing number of state legislatures have debated or considered proposed new laws to define and regulate the operation of PBMs. From 2001, when just three states had bills, to 2003 when the number grew to at least 22 states, and 2007 with 24 bills, these measures have become a relatively high-visibility part of the larger policy debate on prescription drugs.

As of September 2009, 14 states plus the District of Columbia had enacted some type of direct state PBM regulation, while another 10 states have regulation or requirements under restricted circumstances. These recent laws vary substantially in their design and requirements. In April 2008, Maryland passed a package of nine bills that, taken together, include the most extensive regulation enacted to date. Two other laws, in Maine and D.C. have been subject to separate federal District Court actions, which delayed implementation. A 2005 law in Montana, listed separately below, affects all companies that offer pharmacy discount cards, including PBMs, but is not aimed at the other PBM practices.

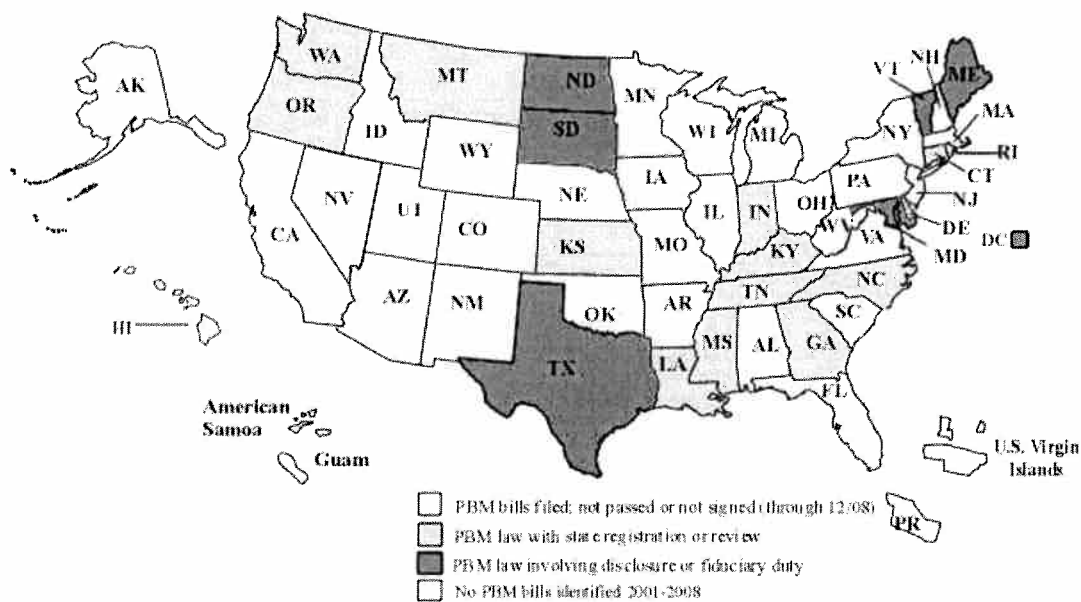
The tables below provide a snapshot and summary of the measures in law, and a few examples of non-enacted legislation from 2004-2007.

State Legislation for regulation of pharmaceutical benefit managers

YEAR	# Bills	States with PBM bills filed BOLD = Signed law; (xx) = indirect regulation
2001	3	GA, NH, WV
2002:	8	AL, CA, GA , IL, IA, MD, MO, VT
2003:	22	AL, AR, CO, CT, FL, HI, IL, IA, KS, LA, ME , (MD), MS, NJ, NM, OR, PA, TN, TX, VT, WA, WY

2004:	15	CA, CT, DC , FL, IL, IA, ME, MD, MI, MN, MS, NH, NY, SD , VT
2005:	13	AR, CA, CO, CT, FL, HI, IL, MN, (MT), (NM), NY, ND , PA, TX
2006:	28	AL, CA, CO, CT, DE, GA, HI, IL, IA, KS , MD, MN, (MS), MO, NH, NJ, NM, NY, NC, OK, PA, RI, SC, TN, VT, VA, WA, WV
2007:	26	AR, CT , DE, GA, IL, IN, IA , KS, KY, ME , MD, MI, MN, MS, MO, NH, NY, ND, OK, SC, (TN), TX, VT , VA, WA , WV
2008	17	DE, GA, IL, IA, KS, LA , MD , MI, MN, MS , NH, NJ, NY, SC, VA, VT, WA, WV (as of 9/1/08)
2009	14(+)	AR , HI, IL, IN , KS , KY , IA, MA, MI, MN, (NC), (OR), (TN), TX . (laws as of 10/1/09; filed bill #s are examples, not necessarily a complete list)

State Legislation Regulating Pharmaceutical Benefit Managers (PBMs) 2001-2008



Data categories based on legislation filed 2001-2009, updated through September 2009
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SIGNED STATE LAWS REGULATING PBMs

State/District Bill# Sponsor	Description
AR S 460 Sen. P. Malone	Enacts the Fair Disclosure of State Funded Payments for Pharmacists' Services Act; specifies that a pharmacy benefit manager, when reporting expenditures or seeking payment or reimbursement for pharmacist services provided in connection with a pharmacy benefits plan or program, shall itemize by individual claim the amount actually paid or to be paid to the pharmacy or pharmacist, the identity of the pharmacy or pharmacist and the prescription number or other identifier of the pharmacist services. (Filed 2/24/09; signed into law by governor 4/2/09). NEW

<p>CT SB 74 Sen. Crisco</p>	<p>Requires pharmacy benefit managers to obtain a certificate of registration from the Insurance Department before operating in Connecticut; applications require a list of people running the PBM, evidence of a surety bond of at least \$25,000 and a \$50 annual fee. Permits the insurance commissioner to suspend, revoke, or deny registration for specified causes after notice and hearing. PBMs must apply annually for registration renewal. PBMs run by an insurer, hospital or fraternal benefit society are exempt. <i>(Passed Senate, passed House; signed by governor as Public Act 07-200, 7/6/07)</i></p>
<p>DC B15-569 Councilmember Catania</p>	<p>Enacts the Rx Access Act of 2003, requiring the Dept. of Health to run an AccessRx subsidy program. Also regulates PBMs, including establishing a legal "fiduciary duty" to any covered entity or customer, transparent business practices, pass through of payments and disclosure of rebates from manufacturers. <i>(Filed 11/4/03; Passed City Council 3/24/04; signed by mayor as Act 15-410; passed the U.S. Congress 30-day review period; codified as D.C. Official Code Sec. 48-831.01)</i> Legal Update: On December 21, 2004, a preliminary injunction issued by the U.S. District Court <u>blocked implementation</u>. On March 6, 2007 Judge Urbina of the US District Court for the DC District granted the motion of the District of Columbia to vacate the preliminary injunction and for summary judgment. The Court found that plaintiff is precluded from relitigating the issues raised in the ME First Circuit litigation. Therefore, the DC PBM law, which is very similar to the Maine law, will go into effect in 2007.)</p>
<p>GA HB 585 Rep. Parham</p>	<p>Provides for the licensing and inspection of pharmacy benefit managers (PBMs), who would be "licensed to practice as a pharmacy." <i>(Filed 2/14/01; passed House, 3/2/01; passed Senate 4/3/02; signed by governor, 5/22/02)</i></p>
<p>IA SF 109 & SF 512</p>	<p>Creates regulations for Pharmacy Benefit Managers and provide penalties. <i>(Filed, passed Senate and House 4/27/07; signed into law by governor 5/25/07) Chapter No. 2007-193 </i></p>
<p>KS SB 547 Fin. Inst. and Ins. Comm.</p>	<p>Requires all pharmacy benefits managers to obtain a valid certificate of registration, including a \$140 application fee, from the Commissioner of Insurance. A \$500 fine will be assessed to any PBM in violation of the registration requirement. Effective 4/27/06. <i>(Filed 2/13/06; passed Senate 39y-1n, 2/28/06; passed House 122y-0n, 3/24/06; signed into law by governor 4/20/06) </i></p>
<p>LA H 1366 Rep. Ponti</p>	<p>Creates the Pharmacy Patient Protection Act; requires pharmacy benefits managers to be licensed by the Department of Health and Hospitals; requires disclosure of any ownership interest or affiliation with an insurer or any business related to pharmacy services; requires retention of records; provides for medication reimbursement costs. Effective date of Act 386 is January 1, 2009. [Analysis] <i>(Filed 4/22/08; passed House 120y-0n, 5/20/08; passed Senate; signed into law by governor as Act 386 of 2008, 6/21/08)</i></p>
<p>ME LD 554/ SP 194 Sen. Treat</p>	<p>Regulates the practices of pharmacy benefit managers (PBMs) to ensure full disclosure of contracted activities including contractual financial terms that apply between a pharmacy benefit manager and a drug manufacturer. It also would require that benefits of special drug pricing deals negotiated by these companies would be passed through to consumers and not simply used to as company profits. It also clarifies that violations of law regarding these issues are violations of the Maine Unfair Trade Practices Act and are enforceable by private action or the attorney general. <i>(Filed 2/6/03; passed Senate and House; signed by governor as Chapter 456, 6/13/03)</i> Legal Update: On March 9, 2004, a decision by the U.S. District Court in Maine temporarily blocked the implementation by issuing a preliminary injunction of LD 554. On Feb. 2, 2005 US District Magistrate Judge Kravchuk <u>upheld</u> the Maine law and lifted the injunction effective April 13, 2005. On November 8, 2005 the federal district court granted summary judgment <u>in favor of Maine</u> on all claims. Furthermore, the First Circuit Court of Appeals upheld this decision unanimously blocking the attempted PBM strike down of a Maine statute requiring them to disclose information regarding rebates from pharmaceutical manufacturers. In 2006 the U.S. Supreme Court declined to hear the case.)</p>
<p>ME HP 607 / LD 807 Rep. Treat</p>	<p>Requires a pharmacy benefits manager or insurer shall require a contracted pharmacy to charge to an enrollee or insured person the pharmacy's usual and customary price of filling the prescription or the contracted copayment, whichever is less. <i>(Passed House; passed Senate; signed into law by governor as Public Law Chapter 431, 6/27/07)</i></p>
<p>NOTE: In 2008 Maryland enacted a package of nine bills affecting a wide range of PBM activity and regulation. The bills are listed by bill number separately below, but will be</p>	

<p>MD HB 120 Del. Bromwell</p>	<p>implemented as a combined statute. Requires a pharmacy benefits manager to disclose information to a prospective purchaser and a purchaser; specifying the manner in which disclosures must be provided and which information remains confidential. <i>(Filed 1/17/08; passed House 3/22/08; passed Senate 4/4/08; signed into law by governor as Chapter 206, 4/24/08)</i></p>
<p>MD HB 257, SB 725 Del. Kullen</p>	<p>Requires a pharmacy benefits manager to enter into contracts with pharmacy providers under specified circumstances; specifying the requirements of the contracts; specifying provisions that apply to audits carried out by pharmacy benefits managers of pharmacies or pharmacy claims and providing penalties. <i>(Filed 1/23/08; HB 257 & SB 725 passed House 3/22/08; passed Senate 4/7/08; HB 257 signed into law by governor as Chapter 262, 4/24/08)</i></p>
<p>MD HB 343, SB 720, SB 723, SB 724 Del. Kipke</p>	<p>Prohibits a pharmacy benefits manager from substituting one prescription drug for the drug originally prescribed unless specified conditions are met. <i>(Filed 1/25/08, 2/1/08; HB 343, SB 720, SB 723, SB 724 all passed House 3/22/08; passed Senate 4/4/08; signed into law by governor Chapters 203, 204 and 205)</i></p>
<p>MD HB 419, SB 722 Del. Elliott</p>	<p>Requires a person to register with the Maryland Insurance Commissioner before the person acts as or represents itself as a pharmacy benefits manager in Maryland <i>(Filed 1/28/08; passed House 3/22/08; passed Senate 4/4/08; signed into law by governor as Chapters 201 and 202, 4/24/08)</i></p>
<p>MD HB 580 Del. Oaks</p>	<p>Establishing requirements for a pharmacy and therapeutics (P&T) committee of a pharmacy benefits manager; requiring a PBM to ensure that its pharmacy and therapeutics committee has specified policies and procedures; authorizing the Maryland Insurance Commissioner to adopt regulations; <i>(Filed 1/25/08, 2/1/08; HB 580 passed House 3/22/08; passed Senate 4/4/08; signed into law by governor as Chapter 279, 4/24/08) NEW</i></p>
<p>MD HB 410 Del. Goldwater</p>	<p>Requires the MD Insurance Department to conduct an examination of any pharmaceutical benefit manager (PBM) acting as a private review agent, conducting utilization reviews affecting enrollees of a health insurer, nonprofit health service plan, HMO or other provider or administrator of health care services. <i>(Filed 2/5/03; passed House and Senate; signed by governor as Chapter 298, 5/13/03)</i></p>
<p>MS HB 542 Rep. Warren</p>	<p>Creates the "Pharmacy Benefit Prompt Pay Act," regulating claims paid by pharmacy benefits managers. Provides definitions to require the use of the most current nationally recognized reference price by pharmacy benefit managers; requiring PBMs to update such prices at least every three business days; requiring payments by pharmacy benefit management plans to be made within 15 days if in electronic format and within 35 days if in paper format; providing for administrative penalties to be assessed by the state board of pharmacy against pharmacy benefit managers who fail to comply with prompt pay provisions; requiring financial statements to be made by PBMs with the commissioner of insurance and the state board of pharmacy. <i>(Filed and referred to committee 1/9/06; passed House, 1/26/06; passed Senate, 3/8/06; signed into law by governor 3/27/06)</i></p>
<p>ND HB 1332 Rep. N. Johnson</p>	<p>Establishes regulation of pharmacy benefit managers (PBMs), including requiring a certificate of authority, and disclosure and transparency provisions including state examination of contracts and contract options allowing pass-through of rebates and discounts. <i>(Filed 1/10/05; passed House 2/17/05; passed Senate 3/30/05; signed by governor 5/4/05)</i></p>
<p>SD HB 1311 Governor</p>	<p>Provides for the regulation of pharmacy benefits management (PBMs), including licensing, "exercising good faith and fair dealing" toward covered entities including health plans, employers, state agencies and others providing Rx coverage. Entities contracting with a PBM may request disclose to the covered entity, the amount of all rebates and other revenues received from pharmaceutical manufacturers, and may obtain an audit of PBM records regarding such transactions. PBMs must treat utilization information as confidential. <i>(Filed 1/28/04; passed House 2/12/04; passed Senate 2/24/04; signed by governor 3/9/04)</i></p>
<p>TX S 704 Sen. Nelson</p>	<p>Regulates pharmacy benefit managers and mail order pharmacies; relates to disclosure of the prices charged to state agencies in connection with pharmacy benefit manager services. <i>(filed 2/6/09; enacted 6/19/09) NEW</i></p>
<p>VT</p>	<p>Establishes regulation of PBMs including requiring that all financial and utilization information</p>

<p>S 115 S. Finance Comm.</p>	<p>requested by a health insurer be provided, disclose the costs and financial arrangements with any formulary management, drug substitution including rebate and discount agreements. Such disclosures may be defined as confidential and not subject to court inquiry.</p> <p>Also increases "transparency of prescription drug pricing and information" by limiting "fraudulent" advertising of prescription drugs to consumers and health care professionals, requiring notice to clients by pharmacy benefit managers that certain types of contracts are available, expanding the Medicaid preferred drug list, establishing an evidence-based education program, providing additional pricing information including "AMP" and "Best Price," to the Medicaid program from drug manufacturers and requiring disclosure of education programs funded by drug manufacturers.</p> <p><i>(Filed 2/23/07; passed Senate 28y-1n, 4/4/07; passed House 89y-44n, 5/4/07; signed into law by governor as Chapter 80, 6/9/07)</i></p>
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INDIRECT REGULATION OF CERTAIN PBMs

<p>FL HB 581, SB 1122 Rep. Proctor, Sen. Saunders</p>	<p>Requires third-party liability administrators and pharmacy benefits managers (PBMs) to provide records and information to the state agency relating to payments on behalf of Medicaid-eligible persons.</p> <p><i>(Filed 1/28/05; favorable reports; SB 1122 passed Senate 4/21/05; signed by governor as Chapter No. 2005-140, 6/3/05)</i></p>
<p>IN H 1292 Rep. Welch</p>	<p>Specifies requirements for the conduct of a pharmacy audit and an appeal of the results of a pharmacy audit; provides for an extrapolation audit of a sample of claims submitted by a pharmacy to a third party payer, the results of which are used to estimate audit results for a larger group of submitted unaudited claims; requires the auditor to allow the use of written or otherwise transmitted hospital, physician, or other health practitioner records to validate a prescription for a legend drug. Generally provides some protections to local pharmacies when a PBM demands an audit.</p> <p><i>(filed 1/13/09; signed into law by governor 4/08/09). NEW</i></p>
<p>KY H 414 Rep. Thompson</p>	<p>Requires that a provider agreement or provider contract between a pharmacy and an insurer, an agency of the Commonwealth, a health maintenance organization, a pharmacy benefits administrator or a pharmacy benefits manager that requires an audit of the pharmacy's records shall comply with this Act. Generally provides some protections to local pharmacies when a PBM demands an audit.</p> <p><i>(filed 2/11/09; signed into law by governor 3/24/09) NEW</i></p>
<p>MS HB 841, SB 2536 Sen. Mettetal</p>	<p>Prescribes uniform standards for audits by pharmacy benefits management plans, providing protections for pharmacies and pharmacists.</p> <p><i>(Filed 1/31/08; passed House; passed Senate; signed into law by governor 4/3/08)</i></p>
<p>MT SB 380 Sen. Pres. Tester</p>	<p>Regulates medical care discount cards and pharmacy discount cards, including requiring registration and corporate financial disclosure by card sponsors, which include PBMs.</p> <p><i>(Filed 2/4/05; passed Senate 48y-2n, 2/22/05; passed House 98y-2n; signed into law by governor 4/28/05) </i></p>
<p>NM HJM 98 Rep. Trujillo</p>	<p>Non-binding resolution, requests creation of a task force to study the need for oversight and regulation of the PBM industry.</p> <p><i>(Passed House 33y-0n; passed Senate 29y-8n; signed into law by governor 2005)</i></p>
<p>NC S 287 Sen. Rand</p>	<p>Relates to regulation of Pharmacy Benefit Managers for benefits provided to state employees and school teachers. For FY1010-11 the PBM is required to achieve \$20 million in savings, an increase of \$10 million from previous year.</p> <p><i>(filed 2/25/09; signed into law by governor 4/23/09) NEW</i></p>
<p>OR S 735 Sen. Morrisette</p>	<p>Relates to the Prescription Drug Program; removes a reference to drug claims processing from the definition of pharmacy benefit manager; revises the purpose of the program to include replenishing prescription drugs; allows the program to contract and negotiate rebates with group purchasing organizations; provides for the participation of the Educators Benefit Board and the Public Employees Retirement System; authorizes the administrator to contract with an entity to negotiate with drug manufacturers.</p> <p><i>(Filed 3/04/09; enacted 6/23/09) NEW</i></p>

<p>TN SB 1112 - final text Sen. McNally</p>	<p>Clarifies the duties of pharmacy benefit management companies (PBMs) and mail order pharmacies, including providing protections for retail pharmacies during any audit by PBMs or by the state, requiring 30-days advance notice, rights of appeals and prohibiting extrapolation of particular transactions. Also requires that reimbursement tables for payment by PBMs be updated every three days. Effective date 7/1/07. <i>(Passed Senate; passed House; signed into law by governor as Public Chapter 224, 6/1/07)</i></p>
<p>TN S 774 Rep. Overbey</p>	<p>Specifies that when a covered entity or pharmacy benefits manager, such as a health insurance company, provides to a patient information regarding their out-of-pocket cost, such as a co-pay, for a prescription or service, they must provide the patient the actual reimbursement; prohibits a covered entity or pharmacy benefits manager from restricting any pharmacy or other dispenser from disclosing to the patient or their representative the actual reimbursement for a particular prescription or covered service. <i>(filed 2/11/09; enacted 6/5/09) NEW</i></p>
<p>TX H 4402 Rep. F. Martinez</p>	<p>Provides for a study regarding insurance coverage of prescription drugs provided under a health benefit plan; provides for a study to evaluate the ways in which pharmacy benefit managers use prescription drug information to manage therapeutic drug interchange programs and other drug substitution recommendations made by pharmacy benefit managers. <i>(Filed 3/13/09; enacted 6/19/09) NEW</i></p>
<p>VT H. 31 of 2002 Rep. Koch; Sen. Shumlin</p>	<p>Establishes a Healthy Vermont Prescription Discount and multi-faceted pharmaceutical requirements. Establishes detailed disclosure and financial reporting requirements for any PBMs that contract with the state. Requires annual report including: (1) a description of the activities of the pharmacy benefit manager; (2) an analysis of the success of the pharmacy benefit manager in achieving each of the department's public policy goals, together with the pharmacy benefit manager's report of its activities and achievements. (3) a fiscal report on the state fiscal costs and savings to Vermont of the pharmacy benefit manager contract, including an accounting of any payments, fees, offsets, savings and other financial transactions or accountings; (4) any recommendations for enhancing the benefits of the pharmacy benefit manager contract, and an identification of, and any recommendations for minimizing any problems with the contract <i>(H.31 Passed House 4/25/01; Senate substituted & passed S.269 2/21/02; signed into law by governor 6/13/02) </i></p>
<p>WA HB 1826 Rep. Seaquist</p>	<p>Requires health insurers, including private insurers, group health plans, service benefit plans, managed care organizations, pharmacy benefit managers, or other parties that are, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service, as a condition of doing business in Washington, to increase their effort to share information with the department. <i>(Filed and sent to committee 1/30/07; passed House 3/10/07; passed Senate; signed into law by governor as Chapter 179, 4/21/07) </i></p>

EXAMPLES OF 2004-07 BILLS THAT PASSED ONE CHAMBER OR WERE VETOED

<p>CA AB 1960 (2004) Assm. Pavley</p>	<p>Defines the term "pharmacy benefits management" (PBM) as negotiating the purchase of drugs on behalf of specified entities and administering or managing the prescription drug benefit programs. Requires disclosures of rebates, discounts and other revenue from manufacturers, to purchasers and prospective purchasers of services. Would also impose a fiduciary duty to the person employing or contracting with the PBM. Prohibits medication substitution by the PBM unless patient is given advance notification and consumer protection details. <i>(Filed 2/12/04; passed Assembly 5/26/04; passed Senate 23y-19n, 8/25/04; vetoed by governor 9/29/04) </i></p>
<p>CA AB 78 Assm. Pavley (2005)</p>	<p>Would require a pharmacy benefits manager to disclose financial and contractual details to purchasers using the PBM services. Disclosure is required only upon written request from the purchaser; the PBM may include a provision requiring disclosed information to remain confidential and proprietary. Authorized disclosure requests include total amounts of rebates and other discounts that the PBM receives from each pharmaceutical manufacturer for drugs specified in contract; the "nature, type and amount of all revenues" the PBM receives from manufacturers for any other products or services; any aggregate drug utilization data for the purchaser's enrollees; any financial arrangements with prescribing providers, pharmacists or</p>

	<p>others associated with activities "to encourage formulary compliance." Exempts health insurers and state-run programs.</p> <p><i>(Deleted from original bill)</i> Would require a PBM to make disclosures to its prospective purchasers, and to make specified disclosures to the public upon request. Would impose requirements on the membership of a pharmacy and therapeutics committee for a PBM, and require a pharmacy benefits manager to meet conditions before substituting a prescribed medication.</p> <p><i>(Filed 1/18/05; passed Assembly 44y-34n; passed Senate 23y-14n 9/6/05; vetoed by governor 9/29/05; consideration of governor's veto dropped, 2/23/06)</i></p>
<p>CO SB 06-164 Sen. Keller</p>	<p>Would require a pharmacy benefits manager to disclose any conflicts of interest to a covered entity; would prohibit a pharmacy benefits manager from requiring a pharmacist to participate in one contract as a requirement to participate in another contract; would require periodic audits; would make the information disclosed to a covered entity a trade secret.</p> <p><i>(Filed and referred to committee 1/30/06; passed Senate 21y-13n, 2/27/06; did not pass House committee by end of session 3/20/06)</i></p>
<p>CT SB 111</p>	<p>Would regulate pharmacy benefit management companies, requiring an annual license from the Insurance Commission, a license to practice pharmacy, financial statements, approval of contracts, and cannot discriminate when contracting with pharmacies on the basis of copayments or days of supply.</p> <p><i>(Filed 2/11/04; passed Senate 4/22/04; did not pass by end of regular session 5/5/04)</i></p>
<p>HI HB 31 Rep. Takumi</p>	<p>Would require transparency in pharmacy benefit managers (PBMs), including that purchasers "may request that any pharmacy benefits manager "disclose to the covered entity the amount of all rebate revenues and the nature, type, and amounts of all other revenues" the PBM receives from each pharmaceutical manufacturer, at least annually. Includes the right to obtain annual audits of the PBM, with the PBMs' "confidential and proprietary information" included but protected from further use or distribution. NOTE: Final versions delayed the effective date for 45 years, until 2050.</p> <p><i>(Filed 1/20/05; passed House; passed Senate 4/12/05; conferees appointed 4/18/05; did not pass Conference Comm. by end of regular session 5/5/05; carried-over to 2006 session)</i></p>
<p>NY AB 6341 Assm. Gottfried</p>	<p>Would regulate pharmacy benefit management and the procurement of prescription drugs to be dispensed to patients, or the administration or management of prescription drug benefits, including requirement for a "trust" relationship with clients of the PBM, written reports on the terms and conditions of financial arrangements with pharmaceutical manufacturers and wholesalers, and prohibiting the PBM substituting any drug for one originally prescribed, except with the prior consent of the prescriber or as specified by law.</p> <p><i>(Filed and sent to committee 3/7/07; passed Assembly 6/6/07)</i></p>
<p>TX HB 2145 Rep. Hupp</p>	<p>Would make it illegal for any pharmacy, pharmacist or PBM to change a drug dispensed without the approval of the prescribing health care practitioner, for any state-coordinated public employee benefit program, but would allow generic substitution.</p> <p><i>Senate amendments added:</i> PBM audit language included in SB 1845; Amendment 2 by Van de Putte codified some of the lawsuit settlement language between Medco and Attorney General Abbott to make it apply to PBM contracts (involves drug-switching practices)</p> <p><i>(Filed 3/14/05; passed House 5/9/05; passed Senate 31y-0n, 5/25/05; final conference report did not pass by end of regular session 5/28/05)</i></p>

¹ - "The Value of Pharmacy Benefit Management and the National Cost Impact of Proposed PBM Legislation. Prepared for PCMA by PriceWaterhouseCoopers, July 2004.

NOTE: For updates on bill status and live links, see complete 2008, 2007 and 2006 reports at <http://www.ncsl.org/programs/health/drugbill07.htm> and <http://www.ncsl.org/programs/health/drugbill06.htm>

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