SB 140, PHARMACY BENEFIT AMENDMENTS, (Vickers, E)

Anticipated Fiscal Impact:

$39,540 per year

Summary

Federally qualified health centers buy brand name prescription drugs at deeply discounted rates from drug manufacturers under federal 340B status.

SB 140 requires health plans to pay the normal retail rate for these drugs so that federally qualified health centers can retain the difference between that retail rate and 340B rate.

SB 140 will result in added costs for the State Employee Health Plan because the normal retail rate is not the actual rate that PEHP pays for brand name prescription drugs. The actual rate is lower than the retail rate due to drug manufacturer rebates that are paid after-the-fact.

Using 2020 data, the amount that would be lost in rebates to the State Plan under SB 140 would be $39,540.