**NPSC Advocacy Center Flags Advancing PBM Bill**

Your NPSC Advocacy Center is always looking for good news from Congress. Last week the U.S. House of Representatives passed H.R. 5378 titled *“Lower Cost, More Transparency Act*.” Below are a few highlights about what the bill proposes:

**Spread Pricing Ban:** Any contract between a state Medicaid program and PBM would have to require that payment for drugs and administrative services be based on a “pharmacy price reimbursement model.”

That would include requiring any payment made by a PBM to be limited to the ingredient cost and a professional dispensing fee. Payment would have to be passed through entirely to the pharmacy and couldn’t be retroactively denied or reduced unless required by law.

States would compensate PBMs through an administrative fee “that reflects the fair market value of providing such services.” PBMs would have to make available to the state, and the Health and Human Services Department when requested, all costs and payments related to covered drugs and administrative services.

**PBM Transparency:** For plans offered by large employers, PBMs would have to report information to group health plans at least twice a year, including:

* Their drug selections and acquisition costs.
* Rebates, fees, and other compensation.
* Out-of-pocket drug spending by plan participants.
* The rationale behind formulary placement for drugs.
* The percentage of prescriptions dispensed by pharmacies under common ownership with the PBM.

**Privacy:** PBMs would have to abide by privacy, security, and breach notification rules consistent with the Health Insurance Portability and Accountability Act (HIPAA) and other laws.

**‘Gag Clause’ Ban:** The measure would bar health plans from restricting pharmacies from informing patients of the difference they pay out-of-pocket for drugs under their insurance plan compared to the amount they could pay without using insurance.

We will have to see how this bill fares in the Senate and whether there will be any changes to the bill. In the meantime, if you have any questions about this or any other legislative/regulatory activity, feel free to contact us at NPSC today.