

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 1711

02/13/2023 Authored by Elkins and Bahner
The bill was read for the first time and referred to the Committee on Health Finance and Policy
03/08/2023 Adoption of Report: Re-referred to the Committee on Commerce Finance and Policy

1.1 A bill for an act
1.2 relating to health; requiring pharmacy benefit managers and health carriers to use
1.3 prescription drug rebates and other compensation to benefit covered persons;
1.4 requiring a report; proposing coding for new law in Minnesota Statutes, chapter
1.5 62W.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. [62W.15] RESPONSIBILITY TO USE COMPENSATION FOR BENEFIT
1.8 OF COVERED PERSONS.

1.9 Subdivision 1. Compensation used to reduce point-of-sale costs. (a) Except as provided
1.10 in paragraph (b), a pharmacy benefit manager or health carrier must remit all compensation
1.11 received from a drug manufacturer related to its prescription drug benefit directly to the
1.12 covered person associated with a particular prescription drug, at the point of sale, to reduce
1.13 the covered person's out-of-pocket cost for that prescription drug.

1.14 (b) A pharmacy benefit manager or health carrier is not required to remit all compensation
1.15 as required by paragraph (a), if the covered person's cost-sharing obligation for a particular
1.16 drug is less than what the person's out-of-pocket cost for that drug would be after application
1.17 of paragraph (a). All compensation retained by the pharmacy benefit manager or health
1.18 carrier under this paragraph must be applied by that entity in its plan design to offset future
1.19 premiums or costs for covered persons.

1.20 (c) State employee group insurance program contracts with pharmacy benefit managers,
1.21 including but not limited to contracts under section 43A.231, must require pharmacy benefit
1.22 manager compliance with this section.

1.23 Subd. 2. Definitions. (a) For purposes of this section, the following definitions apply.

2.1 (b) "Compensation" means any direct or indirect financial benefit, including but not
2.2 limited to rebates, discounts, credits, fees, grants, chargebacks, or other payments or benefits
2.3 of any kind.

2.4 (c) "Cost-sharing obligation" means a covered person's co-payment or coinsurance for
2.5 a particular prescription drug.

2.6 Subd. 3. **Report on compliance.** Beginning March 1, 2024, and each March 1 thereafter,
2.7 a pharmacy benefit manager or health carrier shall file with the commissioner a report, in
2.8 the form and manner specified by the commissioner, demonstrating how the pharmacy
2.9 benefit manager or health carrier has complied with this section.

2.10 **EFFECTIVE DATE.** This section is effective January 1, 2024.