

Rep. Kolste: Pharmacy Benefit Manager Reform Receives Unanimous Approval in Assembly

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MADISON-The Assembly unanimously voted in favor of Assembly Bill 114, reforming certain practices of pharmacy benefit managers, on Tuesday, February 18th. Representative Debra Kolste (D-Janesville), a lead author on the bill, has been working on PBM reform for three years.

“This is just the beginning,” Representative Kolste remarked upon passage of the bill. “I started working on this legislation because of personal experience. Greater transparency is needed of this opaque industry,” she added.

Pharmacy benefit managers, or PBMs, play an outsized role in patient access to medications. PBMs can determine which drugs patients have access to, which pharmacies patients use, and how much patients pay in drug costs. Assembly Bill 114 eliminates gag clauses, which prohibit pharmacists from telling patients they could save money by paying cash out-of-pocket instead of using insurance. The bill removes penalties on consumers from using the pharmacy of their choice, and requires a measure of PBM accountability to the Office of Commissioner of Insurance. Additionally, Assembly Bill 114 provides relief to pharmacists in their dealings with PBMs and their use of audits.

The original draft of Assembly Bill 114 had over 100 co-sponsors. That version prohibited PBMs from making mid-year changes to patient formularies, required disclosure and notice to patients of formulary changes, and prohibited PBMs from requiring patients to use a specific pharmacy. The amended version the Assembly passed removed these provisions, and requires PBMs to give notice of a change unless a generic equivalent is available. The patient then has to appeal the

decision.

“This is an important bill and was advocated for by locally-owned pharmacies. PBMs eliminate competition by making consumers use mail order and specialty pharmacies that are part of their own systems. The top three PBMs, which are CVS Caremark, Express Scripts, and Optum RX/United Health, control 80% of the market combined. While not as extensive as the original version of this legislation, the amended version of Assembly Bill 114 will still provide consumers with further protections than they currently have,” Representative Kolste said.

Assembly Bill 114 was authored with Senator Roger Roth (R-Appleton), Senator John Erpenbach (D-West Point), and Representative Michael Schraa (R-Oshkosh). The bill awaits further action in the Senate.