

Fiscal Note

BILL # SB 1382

TITLE: pharmacy benefit managers; certificate requirements

SPONSOR: Shamp

STATUS: Senate Engrossed

PREPARED BY: Nate Belcher

Description

The bill would, effective January 1, 2025, require a pharmacy benefit manager (PBM) to obtain a certificate of authority from the Department of Insurance and Financial Institutions (DIFI) to operate in Arizona. The bill also outlines certification requirements. The bill would require PBMs to be certified by DIFI every 2 years. The bill allows DIFI to set an application fee for this certificate.

Estimated Impact

We assume that DIFI would set a sufficient fee to cover its costs in administering the program, thereby resulting in no General Fund cost.

DIFI could also generate some revenues from penalties imposed on those violating the bill's provisions.

DIFI has not yet responded to a request for their fiscal impact of the bill.

Analysis

(PBMs) are paid entities that oversee prescription drug benefits on behalf of employers, health insurers, and other payors. PBMs are responsible for a variety of services, including developing formularies, negotiating discounts with manufacturers and wholesalers, contracting with providers, and processing prescription drug claims. According to the National Association of Insurance Commissioners, there are 66 PBMs nationwide but we do not know how many operate in Arizona.

The bill allows DIFI to assess an application fee to PBMs. The bill also imposes financial penalties, collected by DIFI, on PBMs who violate the certification provisions in the bill. The bill defines these penalties but does not state which fund the monies would go into. We are unable to determine the magnitude of revenue DIFI would collect from the penalties.

The bill also includes provisions which would require to fulfill new responsibilities. These new responsibilities may incur costs to the agency. We have requested an estimate from DIFI of the implementation costs of this bill.

Local Government Impact

None

3/16/23

