

HOUSE BILL No. 1445

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10-8-18.5; IC 12-15-13.6.

Synopsis: Audit of prescription drug cost sharing. Provides that the legislative services agency, or an independent auditor with experience auditing expenses related to prescription drugs that is hired through a request for proposal process by the legislative services agency, shall conduct an audit examining prescription drug cost sharing, spread pricing, patient steering, proper brand and generic definitions, effective rate clawbacks, medical loss ratio inflation, formulary compliance, discriminatory pricing, and any other metric determined by the legislative services agency for: (1) the state employee health plan; and (2) the Medicaid program. Provides that for an initial audit for either the state employee health plan or the Medicaid program, the audit look back period must be the previous five state fiscal years. Provides that for every audit conducted thereafter, the audit look back period must be the previous three state fiscal years. Provides that the results of the audits of the state employee health plan and the Medicaid program must be provided to the legislative council.

Effective: Upon passage.

Vermilion, Lehman

January 17, 2023, read first time and referred to Committee on Public Health.



First Regular Session of the 123rd General Assembly (2023)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2022 Regular Session of the General Assembly.

HOUSE BILL No. 1445

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10-8-18.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 18.5. (a) This section applies to a state
4 employee health plan that provides prescription drug coverage.**
5 **(b) As used in this section, "state employee health plan" refers
6 to the following that provide coverage for prescription drugs:**
7 **(1) A self-insurance program established under section 7(b) of
8 this chapter.**
9 **(2) A contract with a prepaid health care delivery plan that is
10 entered into or renewed under section 7(c) of this chapter.**
11 **The term includes a person that administers prescription drug
12 benefits on behalf of a state employee health plan.**
13 **(c) Beginning with state fiscal year 2024, and once every three
14 (3) state fiscal years thereafter:**
15 **(1) the legislative services agency; or**
16 **(2) an independent auditor with experience auditing expenses
17 related to prescription drugs that is hired through a request**



1 **for proposal process by the legislative services agency;**
 2 **shall conduct an audit of the state employee health plan examining**
 3 **prescription drug cost sharing, spread pricing, patient steering,**
 4 **proper brand and generic definitions, effective rate clawbacks,**
 5 **medical loss ratio inflation, formulary compliance, discriminatory**
 6 **pricing, and any other metric determined by the legislative services**
 7 **agency.**

8 **(d) For an initial audit conducted under subsection (c), the audit**
 9 **look back period must be the previous five (5) state fiscal years.**
 10 **For every audit conducted thereafter, the audit look back period**
 11 **must be the previous three (3) state fiscal years.**

12 **(e) The state personnel department, or any private agency,**
 13 **business firm, limited liability company, or corporation with which**
 14 **the state personnel department has contracted for administrative**
 15 **services, shall provide the necessary data to the legislative services**
 16 **agency or the independent auditor to complete an audit conducted**
 17 **under subsection (c).**

18 **(f) Before November 1 of each year in which an audit is**
 19 **conducted under subsection (c), the legislative services agency or**
 20 **independent auditor shall provide the results of an audit conducted**
 21 **under subsection (c) to the legislative council in an electronic**
 22 **format under IC 5-14-6.**

23 SECTION 2. IC 12-15-13.6-1, AS ADDED BY P.L.196-2021,
 24 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 25 UPON PASSAGE]: Sec. 1. Once every three (3) state fiscal years:

- 26 (1) ~~the state board of accounts;~~ **legislative services agency;** or
 27 (2) an independent auditor with experience auditing expenses
 28 related to prescription drugs that is hired ~~by the state board of~~
 29 ~~accounts;~~ **through a request for proposal process by the**
 30 **legislative services agency;**

31 **shall conduct an audit examining prescription drug cost sharing,**
 32 **spread pricing, patient steering, proper brand and generic**
 33 **definitions, effective rate clawbacks, medical loss ratio inflation,**
 34 **formulary compliance, discriminatory pricing, and any other**
 35 **metric determined by the legislative services agency for the**
 36 **Medicaid program.**

37 SECTION 3. IC 12-15-13.6-2, AS ADDED BY P.L.196-2021,
 38 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 UPON PASSAGE]: Sec. 2. For an **initial** audit conducted under section
 40 1 of this chapter, the audit look back period must be the previous ~~three~~
 41 ~~(3)~~ **(5)** state fiscal years. **For every audit conducted thereafter,**
 42 **the audit look back period must be the previous three (3) state**



1 **fiscal years.**
2 SECTION 4. IC 12-15-13.6-4, AS ADDED BY P.L.196-2021,
3 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 UPON PASSAGE]: Sec. 4. **Before November 1 of each year in which**
5 **an audit is conducted under section 1 of this chapter,** the results of
6 an audit conducted under section 1 of this chapter must be provided to
7 the office of the secretary. **legislative council in an electronic format**
8 **under IC 5-14-6.**
9 SECTION 5. **An emergency is declared for this act.**

