

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 59<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>SB 1670</b>
<b>Version:</b>	<b>ENGR</b>
<b>Request Number:</b>	
<b>Author:</b>	<b>Rep. McEntire</b>
<b>Date:</b>	<b>3/26/2024</b>
<b>Impact:</b>	<b>Please see previous summary of this measure</b>

**Research Analysis**

Engrossed Senate Bill 1670 authorizes The Attorney General to promulgate rules to implement the provisions of the Pharmacy Audit Integrity Act. The measure requires that the audit date on the written notice be the date the on-site audit occurs. For all other audit types, the audit date must be when the pharmacy provides the documentation requested in the notice. The measure stipulates that upon recouping funds from a pharmacy, the patient must first be refunded the portion of the recovered funds they originally paid.

An audit will be considered null and void if the entity conducting the audit fails to follow any of the requirements outlined in the measure. Any violation of the specified provisions by a pharmacy benefits manager (PBM) or auditing entity will be deemed a violation of the Pharmacy Audit Integrity Act.

Audits initiated based on or involving fraud, willful misrepresentation, or abuse must be clearly declared as such, with supporting evidence provided. Any funds recovered from audits deemed null and void must be promptly returned to affected pharmacies. Additionally, entities conducting such audits must notify the Office of the Attorney General beforehand, provide preliminary and final reports, and grant unrestricted access to relevant documents.

If a below-cost reimbursement appeal is denied, the PBM must furnish a detailed explanation, including the National Drug Code (NDC) number and the names of wholesalers offering the drug at a lower price. If the provided NDC number isn't available below the acquisition cost from the primary wholesaler, the PBM must retroactively adjust the reimbursement amount and allow the pharmacy to reverse and rebill the claim. Furthermore, in the event of a drug shortage listed on the FDA Drug Shortages Database, PBMs must reimburse pharmacies at no less than the wholesale acquisition cost for the specific NDC number being dispensed.

Prepared By: Matthew Brenchley

**Fiscal Analysis**

The measure is currently under review and impact information will be completed.

Prepared By: House Fiscal Staff

**Other Considerations**

None.

