

HOUSE BILL No. 1273

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-1.

Synopsis: Prescription drug rebates and pricing. Provides that, for individual health insurance coverage, the defined cost sharing for a prescription drug be calculated at the point of sale and based on a price that is reduced by an amount equal to at least 85% of all rebates received by the insurer in connection with the dispensing or administration of the prescription drug. Requires that, for group health insurance coverage, an insurer: (1) pass through to a plan sponsor 100% of all rebates received or estimated to be received by the insurer concerning the dispensing or administration of prescription drugs to the covered individuals of the plan sponsor; (2) provide a plan sponsor, at the time of contracting, the option of calculating defined cost sharing for covered individuals of the plan sponsor at the point of sale based on a price that is reduced by some or all of the rebates received or estimated to be received by the insurer concerning the dispensing or administration of the prescription drug; and (3) disclose specified information to the plan sponsor. Allows the department of insurance to enforce the provisions and impose a civil penalty.

Effective: July 1, 2023; January 1, 2024.

Schaibley

January 11, 2023, read first time and referred to Committee on Insurance.



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. 1273

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

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

1 SECTION 1. IC 27-1-48 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2024]:
4 **Chapter 48. Individual Prescription Drug Rebates**
5 **Sec. 1. As used in this chapter, "covered individual" means an**
6 **individual who is entitled to health insurance coverage.**
7 **Sec. 2. As used in this chapter, "defined cost sharing" means a**
8 **deductible payment or coinsurance amount imposed on a covered**
9 **individual for a covered prescription drug under the covered**
10 **individual's health insurance coverage.**
11 **Sec. 3. As used in this chapter, "health insurance coverage"**
12 **includes:**
13 **(1) an individual policy of accident and sickness insurance (as**
14 **defined in IC 27-8-5-1);**
15 **(2) an individual contract (as defined in IC 27-13-1-21) that**
16 **provides coverage for basic health care services (as defined in**
17 **IC 27-13-1-4); and**



1 **(3) any other health plan that:**

2 **(A) is issued on an individual basis;**

3 **(B) is subject to state law regulating insurance; and**

4 **(C) offers health insurance coverage (as defined in 42**
 5 **U.S.C. 300gg-91).**

6 **The term includes coverage of a dependent of the covered**
 7 **individual under an individual policy or contract described in**
 8 **subdivisions (1) through (3).**

9 **Sec. 4. As used in this chapter, "insurer" means an insurer that**
 10 **provides health insurance coverage to a covered individual. The**
 11 **term includes a third party administrator, including a pharmacy**
 12 **benefit manager (as defined in IC 27-1-24.5-12).**

13 **Sec. 5. As used in this chapter, "price protection rebate" means**
 14 **a negotiated price concession that accrues directly or indirectly to**
 15 **an insurer, or another party on behalf of an insurer, if there is an**
 16 **increase in the wholesale acquisition cost of a prescription drug**
 17 **above a specified threshold.**

18 **Sec. 6. As used in this chapter, "rebate" means:**

19 **(1) a discount or other negotiated price concession, including**
 20 **base price concessions (whether described as a rebate or**
 21 **otherwise) and reasonable estimates of price protection**
 22 **rebates, and performance based price concessions, that may**
 23 **accrue directly or indirectly or are anticipated to be passed**
 24 **through to an insurer during the coverage year from a**
 25 **manufacturer, dispensing pharmacy, or other party in**
 26 **connection with the dispensing or administration of a**
 27 **prescription drug; and**

28 **(2) a reasonable estimate of any negotiated price concession,**
 29 **fee, or other administrative cost that is passed through, or is**
 30 **reasonably anticipated to be passed through, to the insurer**
 31 **and serves to reduce the insurer's liability for a prescription**
 32 **drug.**

33 **Sec. 7. A covered individual's defined cost sharing for a**
 34 **prescription drug must be:**

35 **(1) calculated at the point of sale; and**

36 **(2) based on a price that is reduced by an amount equal to at**
 37 **least eighty-five percent (85%) of all rebates received or**
 38 **estimated to be received by the insurer in connection with the**
 39 **dispensing or administration of the prescription drug.**

40 **Sec. 8. Nothing in this chapter prohibits an insurer from**
 41 **decreasing a covered individual's defined cost sharing by an**
 42 **amount greater than the amount required under section 7 of this**



1 chapter.

2 Sec. 9. The department may enforce the requirements of this
3 chapter to the extent permissible under applicable law.

4 Sec. 10. The commissioner may take appropriate action to
5 enforce this chapter by imposing a civil penalty not to exceed ten
6 thousand dollars (\$10,000) per violation.

7 Sec. 11. (a) In complying with the requirements of this chapter,
8 an insurer or an insurer's agent may not publish or otherwise
9 reveal information regarding the actual amount of rebates the
10 insurer receives on a product, manufacturer, or pharmacy specific
11 basis. This information is protected as a trade secret (as defined in
12 IC 24-2-3-2) and may not be published or otherwise disclosed
13 directly or indirectly.

14 (b) An insurer shall impose the confidentiality requirements of
15 this section on any vendor or downstream third party that
16 performs health care or administrative services on behalf of the
17 insurer that may receive or have access to rebate information.

18 SECTION 2. IC 27-1-49 IS ADDED TO THE INDIANA CODE AS
19 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
20 1, 2023]:

21 **Chapter 49. Group Prescription Drug Rebates**

22 Sec. 1. As used in this chapter, "covered individual" means an
23 individual who is entitled to health insurance coverage.

24 Sec. 2. As used in this chapter, "defined cost sharing" means a
25 deductible payment or coinsurance amount imposed on a covered
26 individual for a covered prescription drug under the covered
27 individual's health insurance coverage.

28 Sec. 3. As used in this chapter, "health insurance coverage"
29 includes:

- 30 (1) a group policy of accident and sickness insurance (as
31 defined in IC 27-8-5-1);
32 (2) a group contract (as defined in IC 27-13-1-16) that
33 provides coverage for basic health care services (as defined in
34 IC 27-13-1-4); and
35 (3) any other group health plan that:
36 (A) limits eligibility to members of a specific group;
37 (B) is subject to state law regulating insurance; and
38 (C) offers health insurance coverage (as defined in 42
39 U.S.C. 300gg-91).

40 The term includes coverage of a dependent of the covered
41 individual under a group policy or contract described in
42 subdivisions (1) through (3).



1 **Sec. 4. As used in this chapter, "insurer" means an insurer that**
2 **provides health insurance coverage to a covered individual. The**
3 **term includes a third party administrator, including a pharmacy**
4 **benefit manager (as defined in IC 27-1-24.5-12).**

5 **Sec. 5. As used in this chapter, "price protection rebate" means**
6 **a negotiated price concession that accrues directly or indirectly to**
7 **an insurer, or another party on behalf of an insurer, if there is an**
8 **increase in the wholesale acquisition cost of a prescription drug**
9 **above a specified threshold.**

10 **Sec. 6. As used in this chapter, "rebate" means:**

11 **(1) a discount or other negotiated price concession, including**
12 **base price concessions (whether described as a rebate or**
13 **otherwise) and reasonable estimates of price protection**
14 **rebates, and performance based price concessions, that may**
15 **accrue directly or indirectly or are anticipated to be passed**
16 **through to an insurer during the coverage year from a**
17 **manufacturer, dispensing pharmacy, or other party in**
18 **connection with the dispensing or administration of a**
19 **prescription drug; and**

20 **(2) a reasonable estimate of any negotiated price concession,**
21 **fee, or other administrative cost that is passed through, or is**
22 **reasonably anticipated to be passed through, to the insurer**
23 **and serves to reduce the insurer's liability for a prescription**
24 **drug.**

25 **Sec. 7. This section applies to a policy of health insurance**
26 **coverage that is issued, delivered, amended, or renewed after**
27 **December 31, 2023. An insurer shall pass through to a plan**
28 **sponsor one hundred percent (100%) of all rebates received or**
29 **estimated to be received by the insurer concerning the dispensing**
30 **or administration of prescription drugs to the covered individuals**
31 **of the plan sponsor.**

32 **Sec. 8. At the time of contracting, an insurer shall provide plan**
33 **sponsors the option of calculating defined cost sharing for covered**
34 **individuals of the plan sponsor at the point of sale based on a price**
35 **that is reduced by some or all of the rebates received or estimated**
36 **to be received by the insurer concerning the dispensing or**
37 **administration of the prescription drug.**

38 **Sec. 9. Nothing in this chapter prohibits an insurer from**
39 **decreasing a covered individual's defined cost sharing by an**
40 **amount greater than the amount required under section 7 of this**
41 **chapter.**

42 **Sec. 10. An insurer shall disclose the following information to a**



- 1 plan sponsor on at least an annual basis:
- 2 (1) The approximate amount of rebates expected to be
- 3 received by the insurer concerning the dispensing or
- 4 administration of prescription drugs to the covered
- 5 individuals of the plan sponsor.
- 6 (2) An explanation that the plan sponsor may choose to:
- 7 (A) apply the rebates to reduce premiums for all covered
- 8 individuals; or
- 9 (B) calculate defined cost sharing for a covered individual
- 10 at the point of sale based on a price that is reduced by
- 11 rebates received or estimated to be received by the insurer
- 12 concerning the dispensing or administration of the covered
- 13 individual's prescription drugs.
- 14 (3) An explanation that, in the individual market, IC 27-1-48
- 15 requires that covered individual defined cost sharing be
- 16 calculated at the point of sale based on a price that is reduced
- 17 by at least eighty-five percent (85%) of the rebates received
- 18 or estimated to be received by the insurer concerning the
- 19 dispensing or administration of the covered individual's
- 20 prescription drugs.
- 21 Sec. 11. The department may enforce the requirements of this
- 22 chapter to the extent permissible under applicable law.
- 23 Sec. 12. The commissioner may take appropriate action to
- 24 enforce this chapter by imposing a civil penalty not to exceed ten
- 25 thousand dollars (\$10,000) per violation.
- 26 Sec. 13. (a) In complying with the requirements of this chapter,
- 27 an insurer may not publish or otherwise reveal information
- 28 regarding the actual amount of rebates the insurer receives on a
- 29 product, manufacturer, or pharmacy specific basis. This
- 30 information is protected as a trade secret (as defined in
- 31 IC 24-2-3-2) and may not be published or otherwise disclosed.
- 32 (b) An insurer shall impose the confidentiality requirements of
- 33 this section on any vendor or third party that performs health care
- 34 or administrative services on behalf of the insurer and that may
- 35 receive or have access to the rebate information.

