



April 14, 2023

ENGROSSED HOUSE BILL No. 1445

DIGEST OF HB 1445 (Updated April 13, 2023 11:38 am - DI 129)

Citations Affected: IC 12-15.

Synopsis: Audit of Medicaid program prescription drug costs. Provides that the office of the attorney general, or an independent auditor with experience auditing expenses related to prescription drugs that is hired through a request for proposal process by the attorney general, shall conduct an audit concerning prescription drug costs for the Medicaid program. Requires the auditor to examine 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 attorney general. Provides that the audit look back period for the initial audit must be the previous five state fiscal years. Provides that the audit look back period for every audit conducted thereafter must be the previous three state fiscal years. Provides that the results of an audit must be provided to the legislative council.

Effective: Upon passage.

Vermilion, Lehman, Carbaugh, Porter

(SENATE SPONSORS — BOHACEK, CHARBONNEAU, ZAY)

January 17, 2023, read first time and referred to Committee on Public Health.
February 7, 2023, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to Rule 127.
February 20, 2023, amended, reported — Do Pass.
February 22, 2023, read second time, ordered engrossed. Engrossed.
February 23, 2023, read third time, passed. Yeas 92, nays 0.

SENATE ACTION

March 6, 2023, read first time and referred to Committee on Insurance and Financial Institutions.
March 30, 2023, reported favorably — Do Pass; reassigned to Committee on Appropriations.
April 13, 2023, amended, reported favorably — Do Pass.

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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.

ENGROSSED HOUSE BILL No. 1445

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

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

1 SECTION 1. IC 12-15-13.6-1, AS ADDED BY P.L.196-2021,
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 1. Once every three (3) state fiscal years:
4 (1) the ~~state board of accounts; office of the attorney general;~~ or
5 (2) an independent auditor with experience auditing expenses
6 related to prescription drugs that is hired ~~by the state board of~~
7 ~~accounts; through a request for proposal process by the~~
8 ~~attorney general;~~
9 shall, **subject to appropriation by the general assembly**, conduct an
10 audit examining prescription drug cost sharing, **spread pricing,**
11 **patient steering, proper brand and generic definitions, effective**
12 **rate clawbacks, medical loss ratio inflation, formulary compliance,**
13 **discriminatory pricing, and any other metric determined by the**
14 **attorney general** for the Medicaid program.
15 SECTION 2. IC 12-15-13.6-2, AS ADDED BY P.L.196-2021,
16 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
17 UPON PASSAGE]: Sec. 2. For an **initial** audit conducted under section

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1 1 of this chapter, the audit look back period must be the previous ~~three~~
2 ~~(3)~~ **five (5)** state fiscal years. **For every audit conducted thereafter,**
3 **the audit look back period must be the previous three (3) state**
4 **fiscal years.**
5 SECTION 3. IC 12-15-13.6-4, AS ADDED BY P.L.196-2021,
6 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
7 UPON PASSAGE]: Sec. 4. The results of an audit conducted under
8 section 1 of this chapter must be provided **in an electronic format**
9 **under IC 5-14-6** to the ~~office of the secretary.~~ **legislative council.**
10 SECTION 4. **An emergency is declared for this act.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1445, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

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

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1445 as introduced.)

BARRETT

Committee Vote: yeas 13, nays 0.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1445, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, line 16, after "(18)" insert "**Review of practices of any of the following used within the Medicaid program:**

- (A) Managed care organizations.
- (B) Pharmacies.
- (C) Pharmacy services administrative organizations.
- (D) Wholesalers.
- (E) Drug manufacturers.

(19)".

Page 2, line 31, delete "November 1, 2024," and insert "**September 1, 2024,**".

Page 3, line 33, after "(17)" insert "**Review of practices of any of the following used by the state employee health plan or the Medicaid program:**

- (A) Managed care organizations.
- (B) Pharmacies.
- (C) Pharmacy services administrative organizations.

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(D) Wholesalers.

(E) Drug manufacturers.

(18)".

Page 4, line 16, delete "November 1, 2024," and insert "**September 1, 2024,**".

and when so amended that said bill do pass.

(Reference is to HB 1445 as printed February 7, 2023.)

THOMPSON

Committee Vote: yeas 18, nays 0.

COMMITTEE REPORT

Madam President: The Senate Committee on Insurance and Financial Institutions, to which was referred House Bill No. 1445, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS and be reassigned to the Senate Committee on Appropriations.

(Reference is to HB 1445 as printed February 20, 2023.)

BALDWIN, Chairperson

Committee Vote: Yeas 6, Nays 0

COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred House Bill No. 1445, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete the title and insert the following:

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

Page 1, line 3, delete "(a)".

Page 1, line 4, strike "state board of accounts;" and insert "**office of the attorney general;**".

Page 1, line 6, strike "by the state board of".

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Page 1, line 7, strike "accounts;" and insert "**through a request for proposal process by the attorney general;**".

Page 1, line 8, after "shall" insert ", **subject to appropriation by the general assembly,**".

Page 1, line 8, after "sharing" insert ", **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 attorney general**".

Page 1, delete lines 10 through 17, begin a new paragraph and insert:

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

SECTION 3. IC 12-15-13.6-4, AS ADDED BY P.L.196-2021, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. The results of an audit conducted under section 1 of this chapter must be provided **in an electronic format under IC 5-14-6** to the ~~office of the secretary.~~ **legislative council.**".

Delete pages 2 through 3.

Page 4, delete lines 1 through 35.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to EHB 1445 as printed March 31, 2023.)

MISHLER, Chairperson

Committee Vote: Yeas 12, Nays 0.

