



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-3681/1
TJD:amn

2017 ASSEMBLY BILL 620

November 9, 2017 - Introduced by Representatives KOLSTE, SPREITZER, SARGENT, ZAMARRIPA, GENRICH, ANDERSON, BERCEAU, POPE, SUBECK, CONSIDINE, BILLINGS, BROSTOFF, HESSELBEIN, VRUWINK, OHNSTAD, HINTZ, YOUNG, SHANKLAND, ZEPNICK, RIEMER, CROWLEY, HEBL and SINICKI, cosponsored by Senator ERPENBACH. Referred to Committee on Health.

AUTHORS SUBJECT TO CHANGE

- 1 **AN ACT to create** 146.901 of the statutes; **relating to:** prescription drug cost
2 reporting by manufacturers and providing a penalty.

Analysis by the Legislative Reference Bureau

This bill requires certain cost reporting by manufacturers of brand-name and generic drugs. The bill requires a manufacturer to notify the Department of Health Services and the Office of the Commissioner of Insurance if it is 1) increasing the wholesale acquisition cost of a brand-name drug on the market in Wisconsin by more than 25 percent over a 24-month period; 2) intending to introduce in Wisconsin a brand-name drug that has an annual wholesale acquisition cost of \$30,000 or more; 3) increasing the wholesale acquisition cost of a generic drug on the market in Wisconsin by more than 25 percent or by more than \$300 during any 12-month period; or 4) intending to introduce in Wisconsin a generic drug that has an annual wholesale acquisition cost of \$3,000 or more. The manufacturer must provide the notice at least 30 days before the planned date of the increase or introduction and must provide a justification including a description described in the bill. A manufacturer is also required to report annually to DHS and OCI the value of price concessions provided to each pharmacy benefit manager for each drug sold in Wisconsin for which a notice was required. The bill also requires each manufacturer of a brand-name or generic drug sold in Wisconsin to submit to DHS and OCI a report containing a description of each manufacturer-sponsored assistance program in effect during the previous year that includes the criteria for participation, program terms, and the number of prescriptions and the total market value of assistance provided to residents of Wisconsin under the program. The manufacturer must

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certify the information provided in a notice or report required under the bill under penalty of perjury, and failure to provide the notice or report is subject to a forfeiture determined by DHS but not to exceed \$10,000 per day past due.

The bill requires DHS to publish the pricing justification information reported by manufacturers on its Internet site. DHS must also analyze the information and publish a report on its Internet site describing trends in drug pricing.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 146.901 of the statutes is created to read:

2 **146.901 Prescription drug cost reporting by manufacturers. (1)**

3 DEFINITIONS. In this section:

4 (a) “Brand-name drug” is a prescription drug approved under 21 USC 355 (b)
5 or 42 USC 262.

6 (b) “Generic drug” is a prescription drug approved under 21 USC 355 (j).

7 (c) “Manufacturer” has the meaning given in s. 450.01 (12). “Manufacturer”
8 does not include an entity that is engaged only in the dispensing, as defined in s.
9 450.01 (7), of a brand-name drug or a generic drug.

10 (d) “Manufacturer-sponsored assistance program” means a program offered by
11 a manufacturer or an intermediary under contract with a manufacturer through
12 which a brand-name drug or a generic drug is provided to a patient at no charge or
13 at a discount.

14 (e) “Office” means the office of the commissioner of insurance.

15 (f) “Pharmacy benefit manager” has the meaning given in s. 632.865 (1) (c).

16 (g) “Wholesale acquisition cost” means the most recently reported
17 manufacturer list or catalog price for a brand-name drug or a generic drug available

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1 to wholesalers or direct purchasers in the United States, before application of
2 discounts, rebates, or reductions in price.

3 (2) PRICE INCREASE OR INTRODUCTION NOTICE; JUSTIFICATION REPORT. (a) A
4 manufacturer shall notify the department and the office if it is increasing the
5 wholesale acquisition cost of a brand-name drug on the market in this state by more
6 than 25 percent over a 24-month period or if it intends to introduce to market in this
7 state a brand-name drug that has an annual wholesale acquisition cost of \$30,000
8 or more.

9 (b) A manufacturer shall notify the department and the office if it is increasing
10 the wholesale acquisition cost of a generic drug on the market in this state by more
11 than 25 percent or by more than \$300 during any 12-month period or if it intends
12 to introduce to market in this state a generic drug that has an annual wholesale
13 acquisition cost of \$3,000 or more.

14 (c) The manufacturer shall provide the notice under par. (a) or (b) in writing
15 at least 30 days before the planned effective date of the cost increase or drug
16 introduction and shall provide a justification that includes all documents and
17 research related to the manufacturer's selection of the price increase or introduction
18 price and includes a description of all of the following:

- 19 1. The estimated cost-effectiveness of the drug.
- 20 2. The price and effectiveness of similar drugs available in this state and the
21 anticipated sales performance of the drug as compared to similar drugs.
- 22 3. The impact of negotiated or mandated discounts to pharmacy benefit
23 managers, insurers, and other payers of health costs on the pricing determination
24 for the drug.

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1 (d) By March 1 annually, each manufacturer shall report to the department and
2 the office the value of price concessions, expressed as a percentage of the wholesale
3 acquisition cost, provided to each pharmacy benefit manager for each drug sold in
4 this state for which a notice is required under par. (a) or (b) in the previous calendar
5 year.

6 **(3) MANUFACTURER-SPONSORED ASSISTANCE PROGRAMS.** By March 1 annually,
7 each manufacturer of a brand-name drug or generic drug sold in this state shall
8 submit to the department and the office a report containing a description of each
9 manufacturer-sponsored assistance program in effect during the previous calendar
10 year including all of the following:

11 (a) The criteria for participation in the program and the program terms.

12 (b) The number of prescriptions provided to residents of this state under the
13 program.

14 (c) The total market value of assistance provided to residents of this state under
15 the program.

16 **(4) PENALTY.** The manufacturer shall certify the information reported under
17 sub. (2) or (3) as accurate under penalty of perjury. A manufacturer that fails to
18 provide the notice or report under sub. (2) or (3) is subject to a forfeiture as
19 determined by the department but not to exceed \$10,000 for each day the notice or
20 report is past due.

21 **(5) POSTING OF REPORT; HEARING.** (a) The department shall publish on its
22 Internet site the justification documentation provided under sub. (2) (c).

23 (b) The department shall analyze the information submitted under subs. (2)
24 and (3) and publish a report on its Internet site describing trends in drug pricing.

