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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- THE RHODE ISLAND HEALTH
CARE REFORM ACT OF 2004 -- HEALTH INSURANCE OVERSIGHT

Introduced By: Senators Ujifusa, Miller, Acosta, DiMario, Valverde, Lauria, Mack,
Quezada, and Kallman

Date Introduced: March 30, 2023

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 42-14.5 of the General Laws entitled "The Rhode Island Health Care
2 Reform Act of 2004 — Health Insurance Oversight" is hereby amended by adding thereto the
3 following section:

4 **42-14.5-6. Enforcement by the attorney general.**

5 (a) The attorney general shall hire and supervise an outside contractor with expertise in
6 analyzing pharmacy benefit managers (PBMs) to analyze PBMs doing business in the state, in order
7 to determine and report on the following:

8 (1) The costs PBMs impose directly and indirectly on consumers and insurers;

9 (2) The effects PBMs have on consumers' ability to get medicines prescribed by healthcare
10 providers;

11 (3) The effects of PBMs on health outcomes of consumers; and

12 (4) The effects of PBMs on the financial condition of and administrative burdens placed
13 upon healthcare providers, including pharmacists and pharmacies.

14 (b) The analysis shall include a consideration of PBM practices, including, but not limited
15 to:

16 (1) Spread pricing;

17 (2) Manufacturer rebates;

18 (3) Prior authorizations;

- 1 (4) Creating of formularies;
2 (5) Creating provider networks;
3 (6) Encouraging use of mail-order pharmacies, and PBM-affiliated pharmacies;
4 (7) Activities that otherwise affect costs of drugs for consumers, insurers, and taxpayers;
5 and
6 (8) Amounts of reimbursements to providers.
7 (c) PBMs shall provide information necessary to conduct the analysis, as well as all legally
8 required analyses, in a timely manner as requested by the attorney general or its representatives.
9 Failure of a PBM to provide such information in a timely manner shall permit the state to seek
10 penalties and suspend a PBM's license to conduct business in the state.
11 (d) Attorney general staff and outside contractors working on the analysis shall not have
12 relevant financial connections to PBMs or the outcomes of the analysis.
13 (e) The attorney general shall present, in a report, the results of the analysis to the public
14 and the general assembly within six (6) months after the effective date of this section.
15 (f) The attorney general shall have the authority to pursue civil and criminal actions against
16 PBMs to enforce state contractual obligations and applicable consumer protection laws.
17 (g) The general assembly shall appropriate adequate funding to undertake the analyses,
18 reports, and studies set forth in this section.
19 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- THE RHODE ISLAND HEALTH
CARE REFORM ACT OF 2004 -- HEALTH INSURANCE OVERSIGHT

- 1 This act would require the attorney general to contract and work with a third-party auditor
- 2 to analyze the practices of pharmacy benefit managers doing business in the state.
- 3 This act would take effect upon passage.

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