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HOUSE BILL NO. 1162

House Amendments in [] — February 11, 2022

A *BILL to amend and reenact §§ 38.2-3465 and 38.2-3467 of the Code of Virginia, relating to health insurance; discrimination prohibited against covered entities and contract pharmacies.*

Patron Prior to Engrossment—Delegate Wachsmann

Referred to Committee on Commerce and Energy

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-3465 and 38.2-3467 of the Code of Virginia are amended and reenacted as follows:

§ 38.2-3465. Definitions.

A. As used in this article, unless the context requires a different meaning:

"Carrier" has the same meaning ascribed thereto in subsection A of § 38.2-3407.15. However, "carrier" does not include a nonprofit health maintenance organization that operates as a group model whose internal pharmacy operation exclusively serves the members or patients of the nonprofit health maintenance organization.

"Claim" means a request from a pharmacy or pharmacist to be reimbursed for the cost of administering, filling, or refilling a prescription for a drug or for providing a medical supply or device.

"Claims processing services" means the administrative services performed in connection with the processing and adjudicating of claims relating to pharmacist services that include (i) receiving payments for pharmacist services, (ii) making payments to pharmacists or pharmacies for pharmacist services, or (iii) both receiving and making payments.

"Contract pharmacy" means a pharmacy operating under contract with a 340B-covered entity to provide dispensing services to the 340B-covered entity, as described in 75 Fed. Reg. 10272 (March 5, 2010) or any superseding guidance published thereafter.

"Covered entity" means an entity described in § 340B(a)(4) of the federal Public Health Service Act, 42 U.S.C. § 256B(a)(4). ["Covered entity" does not include a hospital as defined in § 32.1-123 or 37.2-100.]

"Covered individual" means an individual receiving prescription medication coverage or reimbursement provided by a pharmacy benefits manager or a carrier under a health benefit plan.

"Health benefit plan" has the same meaning ascribed thereto in § 38.2-3438.

"Mail order pharmacy" means a pharmacy whose primary business is to receive prescriptions by mail or through electronic submissions and to dispense medication to covered individuals through the use of the United States mail or other common or contract carrier services and that provides any consultation with covered individuals electronically rather than face-to-face.

"Pharmacy benefits management" means the administration or management of prescription drug benefits provided by a carrier for the benefit of covered individuals. "Pharmacy benefits management" does not include any service provided by a nonprofit health maintenance organization that operates as a group model provided that the service is furnished through the internal pharmacy operation exclusively serves the members or patients of the nonprofit health maintenance organization.

"Pharmacy benefits manager" or "PBM" means an entity that performs pharmacy benefits management. "Pharmacy benefits manager" includes an entity acting for a PBM in a contractual relationship in the performance of pharmacy benefits management for a carrier, nonprofit hospital, or third-party payor under a health program administered by the Commonwealth.

"Pharmacy benefits manager affiliate" means a business, pharmacy, or pharmacist that directly or indirectly, through one or more intermediaries, owns or controls, is owned or controlled by, or is under common ownership interest or control with a pharmacy benefits manager.

"Rebate" means a discount or other price concession, including without limitation incentives, disbursements, and reasonable estimates of a volume-based discount, or a payment that is (i) based on utilization of a prescription drug and (ii) paid by a manufacturer or third party, directly or indirectly, to a pharmacy benefits manager, pharmacy services administrative organization, or pharmacy after a claim has been processed and paid at a pharmacy.

"Retail community pharmacy" means a pharmacy that is open to the public, serves walk-in customers, and makes available face-to-face consultations between licensed pharmacists and persons to whom medications are dispensed.

"Spread pricing" means the model of prescription drug pricing in which the pharmacy benefits manager charges a health benefit plan a contracted price for prescription drugs, and the contracted price for the prescription drugs differs from the amount the pharmacy benefits manager directly or indirectly

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60 pays the pharmacist or pharmacy for pharmacist services.

61 **§ 38.2-3467. Prohibited conduct by carriers and pharmacy benefits managers.**

62 A. No carrier on its own or through its contracted pharmacy benefits manager or representative of a
63 pharmacy benefits manager shall:

64 1. Cause or knowingly permit the use of any advertisement, promotion, solicitation, representation,
65 proposal, or offer that is untrue;

66 2. Charge a pharmacist or pharmacy a fee related to the adjudication of a claim other than a
67 reasonable fee for an initial claim submission;

68 3. Reimburse a pharmacy or pharmacist an amount less than the amount that the pharmacy benefits
69 manager reimburses a pharmacy benefits manager affiliate for providing the same pharmacist services,
70 calculated on a per-unit basis using the same generic product identifier or generic code number and
71 reflecting all drug manufacturer's rebates, direct and indirect administrative fees, and costs and any
72 remuneration; or

73 4. Penalize or retaliate against a pharmacist or pharmacy for exercising rights provided pursuant to
74 the provisions of this article;

75 5. *Impose requirements, exclusions, reimbursement terms, or other conditions on a covered entity or*
76 *contract pharmacy that differ from those applied to entities or pharmacies that are not covered entities*
77 *or contract pharmacies on the basis that the entity or pharmacy is a covered entity or contract*
78 *pharmacy or that the entity or pharmacy dispenses 340B-covered drugs [. Nothing in this subdivision*
79 *shall prohibit the identification of a 340b reimbursement request] ; or*

80 6. *Interfere with a covered individual's right to choose a pharmacy or provider, based on the*
81 *pharmacy or provider's status as a covered entity or contract pharmacy.*

82 B. No carrier, on its own or through its contracted pharmacy benefits manager or representative of a
83 pharmacy benefits manager, shall restrict participation of a pharmacy in a pharmacy network for
84 provider accreditation standards or certification requirements if a pharmacist meets such accreditation
85 standards or certification standards.

86 C. No carrier, on its own or through its contracted pharmacy benefits manager or representative of a
87 pharmacy benefits manager, shall include any mail order pharmacy or pharmacy benefits manager
88 affiliate in calculating or determining network adequacy under any law or contract in the
89 Commonwealth.

90 D. No carrier, on its own or through its contracted pharmacy benefits manager or representative of a
91 pharmacy benefits manager, shall conduct spread pricing in the Commonwealth.

92 E. Each carrier on its own or through its contracted pharmacy benefits manager or representative of a
93 pharmacy benefits manager shall comply with the provisions of this section in addition to complying
94 with the provisions of § 38.2-3407.15:1.