

State Corporation Commission

2020 Fiscal Impact Statement

1. Bill Number: SB252

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Edwards

3. Committee: Commerce and Labor

4. Title: Pharmacy benefit managers; licensure and regulation.

5. Summary: Provides that, beginning January 1, 2021, no person is authorized to provide pharmacy benefit management services or otherwise act as a pharmacy benefit manager without first obtaining a license from the State Corporation Commission. Such licenses are to be renewed annually. The bill prohibits a pharmacy benefit manager from participating in spread pricing, defined in the bill, and provides that except for any agreed-upon administrative fee, all funds, including any rebates received by the pharmacy benefit manager in relation to providing pharmacy benefit management services for a carrier, will be distributed to the carrier.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: No fiscal impact on the State Corporation Commission

8. Fiscal Implications: None on the State Corporation Commission

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission
Bureau of Insurance

10. Technical Amendment Necessary: No

11. Other Comments: In order to make the provisions of Senate Bill 252 applicable to health services plans and health maintenance organizations, the provisions of Article 9 should be added to §§ 38.2-4214 and 38.2-4319.

The United States Supreme Court has accepted certiorari in the case of Rutledge v. Pharmaceutical Care Management Association. The case involves the extent of the ERISA (Employee Retirement Security Act of 1974) preemption as it relates to PBMs.

Date: 1/16/20/V. Tompkins