Segal

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PURPOSE OF BILL: HB 1354

To regulate pharmacy benefits managers; to amend the law concerning the State And Public School Life And Health Insurance Program; and to amend the law concerning certain health benefit plans.

ACTUARIAL STATEMENT

The Fiscal Impact Statement was prepared according to generally accepted actuarial principles and practices, in compliance with ACT 112. The Statement provides an estimate of the financial and actuarial effect of the proposed change(s) on the Plans, if possible. The Statement makes no comment or opinion with regard to the merits of the measure for which the Statement is prepared; however, any identified technical or mechanical defects have been noted.

We have reviewed the input and results of our analysis for reasonableness and relied upon the data and information provided by the Plans and their Claims Processing Contractors.

3/24/2025

Patrick Klein, FSA, MAAA
Vice President, Segal

Date

3/24/2025

Matthew Kersting, FSA, MAAA
Vice President, Segal

Date

PROJECTED COSTS

Plan	Plan Design Change	Estimated Cost/(Savings)
EBD	Regulates a PBM who contracts with a state government plan sponsor by prohibiting various practices.	$30 million in potential costs

PRICING APPROACH AND COMMENTS

House Bill 1354 prohibits PBM owned pharmacies from being reimbursed more for prescription drugs than those pharmacies not owned by PBMs, essentially prohibits any use of PBM sponsored or third party sponsored variable copay or manufacturer coupon maximizer program, and defines certain persription drug minimum reimbursement for retail pharmacies.

HB 1354 does not allow PBMs to charge a fee, percentage, or service charge to manage a prescription drug manufacturer coupon, copay accumulator, or copay maximizer program that is more expensive than a similar program offered by the Evidence-Based Prescription Drug Program of the College of Pharmacy of the University of Arkansas for Medical Sciences. This appears to prohibit any use of PBM sponsored or third party sponsored variable copay or manufacturer coupon maximizer programs because it does not allow for any percent of the savings to be kept by the vendor. During CY 2024 the EBD achieved approximately $20.2M in copay assistance savings, which translates to about $8.41 per script realized savings for enrollees. If the bill restricts this program, savings would deteriorate. The magnitude would depend on the effectiveness of the University of Arkansas program.

Retail pharmacies would need to be reimbursed at minimum of NADAC plus Arkansas Medicaid dispensing fee (currently between $9.31-$14.14). Segal would estimate an impact of 3-5% in increased retail pharmacy costs. Navitus used EBD's data to estimate a $10.6M cost impact. The entire cost will have to be absorbed by EBD as language of the bill prohibits passing this cost to the enrollee.

The bill prohits PBM's from negotiating manufacturer rebates through group purchasing organization. This would likely reduce the rebate amounts a PBM could negotiate on EBD's behalf and therefore increase the net cost of the pharmacy plan.

Other indirect costs are likely to arise from prohibiting EBD's PBM from using "pharmacy benefits manager national contract". Absense of a national network it may restrict members ability to obtain prescription drugs who travel or live outside of the State of Arkansas.