

## SUMMARY OF RECOMMENDATIONS

### COMMITTEE TO CONDUCT AN INTERIM STUDY CONCERNING THE COSTS OF PRESCRIPTION DRUGS

Senate Bill 276  
(Chapter 324, *Statutes of Nevada 2019*)

This summary presents the recommendations approved by the Committee to Conduct an Interim Study Concerning the Costs of Prescription Drugs at its meeting on September 9, 2020. The bill draft requests (BDRs) will be forwarded to the Legislative Commission for transmittal to the 81<sup>st</sup> Session of the Nevada Legislature.

#### RECOMMENDATIONS FOR LEGISLATION

1. Propose legislation to allow Nevada's Department of Health and Human Services (DHHS) to establish intra- and interstate purchasing coalitions, which consolidate the purchasing power of agencies within a state or different states to obtain prescription drugs in bulk in order to negotiate lower prices from wholesalers or directly from drug manufacturers. The intrastate purchasing coalition may consolidate purchasing power with any state or local agency with a pharmacy benefit program in a purchasing coalition. Commercial health plan providers are authorized to join an intrastate purchasing coalition as well. The state may also form a new or join an existing interstate purchasing coalition comprised of different states to combine the purchasing power of whole states to purchase pharmaceutical products at lower costs. **(BDR 40–443)**
2. Propose legislation to amend statutes related to the reporting of pharmaceutical sales representatives (*Nevada Revised Statutes [NRS] 439B.660*) to require DHHS to license representatives who are operating within the state. **(BDR 54–444)**
3. Propose legislation to amend statutes [NRS 439B.600](#) through [439B.695](#) related to the reporting and tracking of information concerning the pricing of asthma and diabetes prescription drugs to:
  - a. Expand [NRS 439B.635](#) and [439B.640](#) to require the manufacturer of any prescription drug which has increased in price as described in subsection 2 of [NRS 439B.630](#), in addition to essential diabetes and asthma medications, to report the information described in those sections;
  - b. Require pharmacy benefit managers (PBMs), wholesale drug distributors, and insurers who cover prescription drugs to report additional information;
  - c. Require the reporting entities to register with DHHS and to be subject to annual assessments by DHHS;
  - d. Amend existing penalties set forth in [NRS 439B.695](#) for failure to provide information;

- e. Require DHHS to make a report available on its website on emerging trends in prescription drug prices and conduct an annual public hearing based on the report findings; and
  - f. Keep all existing definitions in statutes; however, when adding new definitions, use to the extent possible existing definitions in federal law, and, if not available, use the definitions provided in the model legislation. **(BDR 40–445)**
4. Propose legislation to amend statutes related to PBMs to:
- a. Require PBMs operating within the state to obtain a license from DHHS;
  - b. Prohibit PBMs from using spread pricing. Specify that a PBM shall agree to only enter into contracts with third-party payers, such as commercial, governmental, or nonprofit health insurance providers that are fully transparent to the contractual parties, including, but not limited to, the disclosure of all rebates, discounts, product pricing incentives, and fees collected by a PBM. The PBM’s only source of income shall be from disclosed administration fees for services. All manufacturer discounts, product pricing incentives, and fees collected by a PBM must be reimbursed to the third-party payer and rebates must be passed down to patients;
  - c. Require a PBM to allow a client—such as a health insurance provider contracting with a PBM to fulfill its prescription drug benefits—full audit rights, including, but not limited to, pharmacy claims, rebates, and similar information needed to assure compliance; and
  - d. Establish a fiduciary responsibility for a PBM to a third-party payer. The benefit of the payer is the primary and sole interest of the fiduciary and any conflict with that role must be disclosed and avoided. **(BDR 57–446)**
5. Propose legislation to require that at least half of the health plans offered by providers in Nevada have:
- a. Prescription drug coverage from the first day with no deductibles;
  - b. Fixed prescription copayments which allow patients to pay a flat-dollar amount per prescription and is not percentage based; and
  - c. Limited copayments of not more than one-twelfth of the patient’s annual out-of-pocket spending maximum. **(BDR 57–442)**