
SENATE BILL NO. 276—SENATOR CANCELA

MARCH 14, 2019

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to prescription drugs.
(BDR 57-599)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

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EXPLANATION - Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to prescription drugs; prohibiting a pharmacy benefit manager or insurer from accepting remuneration from a manufacturer of prescription drugs except in certain circumstances; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law prohibits a pharmacy benefit manager from engaging in certain
2 activity, including charging a copayment or coinsurance for a prescription drug in
3 an amount that is greater than the total amount paid to a pharmacy that is in the
4 applicable network of providers. (NRS 683A.179) **Section 1** of this bill additionally
5 prohibits a pharmacy benefit manager from accepting from the manufacturer of a
6 prescription drug a rebate or reduction in price in connection with the sale of the
7 prescription drug unless the full value of the rebate or reduction in price is applied
8 to the price paid by the person to whom the drug is dispensed. **Section 1** also
9 prescribes the conditions under which a pharmacy benefit manager may accept
10 other remuneration from a manufacturer. **Sections 4, 21 and 23** of this bill prohibit
11 an insurer, including a local government employer, the Public Employee Benefits
12 Program and the Medicaid program, from accepting: (1) a rebate or reduction in
13 price from a manufacturer under similar circumstances as prohibited by **section 1**
14 for a pharmacy benefit manager; or (2) any other remuneration from a
15 manufacturer. **Sections 2, 3, 5-20 and 22** of this bill make conforming changes.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 683A of NRS is hereby amended by
2 adding thereto a new section to read as follows:

3 1. *Except as authorized by this section, a pharmacy benefit*
4 *manager shall not accept from a manufacturer a rebate, reduction*
5 *in price or other remuneration in connection with the sale of a*
6 *prescription drug to be dispensed in this State.*

7 2. *A pharmacy benefit manager may accept a rebate or*
8 *reduction in price described in subsection 1 if:*

9 (a) *The value of the rebate or reduction in price is set forth in*
10 *a contract between the pharmacy benefit manager and the*
11 *manufacturer; and*

12 (b) *The full value of the rebate or reduction in price is paid to*
13 *the dispensing pharmacy and applied to the price paid by the*
14 *covered person to whom the drug is dispensed.*

15 3. *A pharmacy benefit manager may accept remuneration*
16 *from a manufacturer for services provided to the manufacturer in*
17 *connection with agreements between the pharmacy benefit*
18 *manager and a pharmacy benefits plan or multiple pharmacy*
19 *benefits plans if:*

20 (a) *The value of the remuneration is set forth in a contract*
21 *between the pharmacy benefit manager and the manufacturer*
22 *that:*

23 (1) *Covers all of the services provided by the pharmacy*
24 *benefit manager to the manufacturer in connection with the plan*
25 *or plans; and*

26 (2) *Specifies each such service to be provided by the*
27 *pharmacy benefit manager to the manufacturer and the*
28 *remuneration to be paid for each such service;*

29 (b) *The amount of the remuneration is consistent with the fair*
30 *market value of the services and is not determined in a manner*
31 *that takes into account the volume or value of any referrals or*
32 *business otherwise generated between the parties or the*
33 *manufacturer and the pharmacy benefits plan or multiple*
34 *pharmacy benefits plans; and*

35 (c) *The remuneration is paid in fixed payments that are not*
36 *based on a percentage of sales.*

37 4. *A pharmacy benefit manager shall disclose in writing to a*
38 *pharmacy benefits plan with which it contracts at least annually,*
39 *and to the Commissioner upon request, the services provided to*
40 *each manufacturer in connection with an agreement between the*
41 *pharmacy benefit manager and the pharmacy benefits plan.*



1 **5. As used in this section, "manufacturer" has the meaning**
2 **ascribed to it in NRS 639.009.**

3 **Sec. 2.** NRS 683A.171 is hereby amended to read as follows:
4 683A.171 As used in NRS 683A.171 to 683A.179, inclusive,
5 unless the context otherwise requires, the words and terms defined
6 in NRS 683A.172 to 683A.176, inclusive, **and section 1 of this act**
7 have the meanings ascribed to them in those sections.

8 **Sec. 3.** NRS 683A.177 is hereby amended to read as follows:
9 683A.177 1. Except as otherwise provided in subsection 2,
10 the requirements of NRS 683A.171 to 683A.179, inclusive, **and**
11 **section 1 of this act** and any regulations adopted by the
12 Commissioner pursuant thereto do not apply to the coverage of
13 prescription drugs under a plan that is subject to the Employee
14 Retirement Income Security Act of 1974 or any information relating
15 to such coverage.

16 2. A plan described in subsection 1 may, by contract, require a
17 pharmacy benefit manager that manages the coverage of
18 prescription drugs under the plan to comply with the requirements
19 of NRS 683A.171 to 683A.179, inclusive, **and section 1 of this act**
20 and any regulations adopted by the Commissioner pursuant thereto.

21 **Sec. 4.** Chapter 686A of NRS is hereby amended by adding
22 thereto a new section to read as follows:

23 **1. Except as authorized by this section, a health carrier shall**
24 **not accept from a manufacturer or a pharmacy benefit manager a**
25 **rebate, reduction in the price paid for a prescription drug to be**
26 **dispensed in this State or other remuneration in connection with**
27 **the sale of a prescription drug to be dispensed in this State.**

28 **2. A health carrier may accept a rebate or reduction in price**
29 **described in subsection 1 if:**

30 **(a) The value of the rebate or reduction in price is set forth in**
31 **a contract between the manufacturer and the health carrier or a**
32 **pharmacy benefit manager working on behalf of the health**
33 **carrier; and**

34 **(b) The full value of the rebate or reduction in price is paid to**
35 **the dispensing pharmacy and applied to the price paid by the**
36 **covered person to whom the drug is dispensed.**

37 **3. As used in this section:**

38 **(a) "Health carrier" has the meaning ascribed to it in**
39 **NRS 695G.024.**

40 **(b) "Manufacturer" has the meaning ascribed to it in**
41 **NRS 639.009.**

42 **(c) "Pharmacy benefit manager" has the meaning ascribed to**
43 **it in NRS 683A.174.**



1 **Sec. 5.** NRS 686A.020 is hereby amended to read as follows:
2 686A.020 A person shall not engage in this state in any
3 practice which is defined in NRS 686A.010 to 686A.310, inclusive,
4 *and section 4 of this act*, as, or determined pursuant to NRS
5 686A.170 to be, an unfair method of competition or an unfair or
6 deceptive act or practice in the business of insurance.

7 **Sec. 6.** NRS 686A.160 is hereby amended to read as follows:
8 686A.160 If the Commissioner has cause to believe that any
9 person has been engaged or is engaging, in this state, in any unfair
10 method of competition or any unfair or deceptive act or practice
11 prohibited by NRS 686A.010 to 686A.310, inclusive, *and section 4*
12 *of this act*, and that a proceeding by the Commissioner in respect
13 thereto would be in the interest of the public, the Commissioner may
14 issue and serve upon such person a statement of the charges and a
15 notice of the hearing to be held thereon. The statement of charges
16 and notice of hearing shall comply with the requirements of NRS
17 679B.320 and shall be served upon such person directly or by
18 certified or registered mail, return receipt requested.

19 **Sec. 7.** NRS 686A.170 is hereby amended to read as follows:
20 686A.170 1. If the Commissioner believes that any person
21 engaged in the insurance business is in the conduct of such business
22 engaging in this state in any method of competition or in any act or
23 practice not defined in NRS 686A.010 to 686A.310, inclusive, *and*
24 *section 4 of this act* which is unfair or deceptive and that a
25 proceeding by the Commissioner in respect thereto would be in the
26 public interest, the Commissioner shall, after a hearing of which
27 notice and of the charges against such person are given to the
28 person, make a written report of the findings of fact relative to such
29 charges and serve a copy thereof upon such person and any
30 intervener at the hearing.

31 2. If such report charges a violation of NRS 686A.010 to
32 686A.310, inclusive, *and section 4 of this act* and if such method of
33 competition, act or practice has not been discontinued, the
34 Commissioner may, through the Attorney General, at any time after
35 20 days after the service of such report cause an action to be
36 instituted in the district court of the county wherein the person
37 resides or has his or her principal place of business to enjoin and
38 restrain such person from engaging in such method, act or practice.
39 The court shall have jurisdiction of the proceeding and shall have
40 power to make and enter appropriate orders in connection therewith
41 and to issue such writs or orders as are ancillary to its jurisdiction or
42 necessary in its judgment to prevent injury to the public pendente
43 lite; but the State of Nevada shall not be required to give security
44 before the issuance of any such order or injunction under this
45 section. If a stenographic record of the proceedings in the hearing



1 before the Commissioner was made, a certified transcript thereof
2 including all evidence taken and the report and findings shall be
3 received in evidence in such action.

4 3. If the court finds that:

5 (a) The method of competition complained of is unfair or
6 deceptive;

7 (b) The proceedings by the Commissioner with respect thereto
8 are to the interest of the public; and

9 (c) The findings of the Commissioner are supported by the
10 weight of the evidence,

11 ➔ it shall issue its order enjoining and restraining the continuance
12 of such method of competition, act or practice.

13 4. Either party may appeal from such final judgment or order
14 or decree of court in a like manner as provided for appeals in civil
15 cases.

16 5. If the Commissioner's report made under subsection 1 or
17 order on hearing made under NRS 679B.360 does not charge a
18 violation of NRS 686A.010 to 686A.310, inclusive, *and section 4 of*
19 *this act*, then any intervener in the proceedings may appeal
20 therefrom within the time and in the manner provided in this Code
21 for appeals from the Commissioner generally.

22 6. Upon violation of any injunction issued under this section,
23 the Commissioner, after a hearing thereon, may impose the
24 appropriate penalties provided for in NRS 686A.187.

25 **Sec. 8.** NRS 686A.183 is hereby amended to read as follows:

26 686A.183 1. After the hearing provided for in NRS
27 686A.160, the Commissioner shall issue an order on hearing
28 pursuant to NRS 679B.360. If the Commissioner determines that the
29 person charged has engaged in an unfair method of competition or
30 an unfair or deceptive act or practice in violation of NRS 686A.010
31 to 686A.310, inclusive, *and section 4 of this act*, the Commissioner
32 shall order the person to cease and desist from engaging in that
33 method of competition, act or practice, and may order one or both of
34 the following:

35 (a) If the person knew or reasonably should have known that he
36 or she was in violation of NRS 686A.010 to 686A.310, inclusive,
37 *and section 4 of this act*, payment of an administrative fine of not
38 more than \$5,000 for each act or violation, except that as to licensed
39 agents, brokers, solicitors and adjusters, the administrative fine must
40 not exceed \$500 for each act or violation.

41 (b) Suspension or revocation of the person's license if the
42 person knew or reasonably should have known that he or she was in
43 violation of NRS 686A.010 to 686A.310, inclusive ~~§~~, *and section*
44 *4 of this act*.



2. Until the expiration of the time allowed for taking an appeal, pursuant to NRS 679B.370, if no petition for review has been filed within that time, or, if a petition for review has been filed within that time, until the official record in the proceeding has been filed with the court, the Commissioner may, at any time, upon such notice and in such manner as the Commissioner deems proper, modify or set aside, in whole or in part, any order issued by him or her under this section.

3. After the expiration of the time allowed for taking an appeal, if no petition for review has been filed, the Commissioner may at any time, after notice and opportunity for hearing, reopen and alter, modify or set aside, in whole or in part, any order issued by him or her under this section whenever in the opinion of the Commissioner conditions of fact or of law have so changed as to require such action or if the public interest so requires.

Sec. 9. NRS 686A.270 is hereby amended to read as follows:

686A.270 No insurer shall be held guilty of having committed any of the acts prohibited by NRS 686A.010 to 686A.310, inclusive, *and section 4 of this act* by reason of the act of any agent, solicitor or employee not an officer, director or department head thereof, unless an officer, director or department head of the insurer has knowingly permitted such act or has had prior knowledge thereof.

Sec. 10. NRS 686A.520 is hereby amended to read as follows:

686A.520 1. The provisions of NRS 683A.341, 683A.451, 683A.461, 683A.480 and 686A.010 to 686A.310, inclusive, *and section 4 of this act* apply to companies.

2. For the purposes of subsection 1, unless the context requires that a section apply only to insurers, any reference in those sections to "insurer" must be replaced by a reference to "company."

Sec. 11. NRS 688C.175 is hereby amended to read as follows:

688C.175 1. Persons engaged in the business of viatical settlements are subject to the provisions of this chapter and to the following provisions, to the extent reasonably applicable:

(a) NRS 679B.230 to 679B.300, inclusive, concerning examinations of insurers.

(b) NRS 679B.310 to 679B.370, inclusive, concerning hearings regarding insurers and employees of insurers.

(c) Chapter 680A of NRS.

(d) Chapter 683A of NRS.

(e) NRS 686A.010 to 686A.310, inclusive, *and section 4 of this act* concerning trade practices and frauds.

2. Nothing in this chapter or elsewhere in this title preempts or otherwise limits the provisions of chapter 90 of NRS, or of any rules, regulations or orders issued by or through the Administrator of the Securities Division of the Office of the Secretary of State or



1 the Administrator's designee acting pursuant to the authority
2 granted by chapter 90 of NRS.

3 3. Compliance with the provisions of this chapter does not
4 constitute compliance with any applicable provisions of chapter 90
5 of NRS or with any rule, regulation or order adopted or issued
6 thereunder.

7 **Sec. 12.** NRS 689.595 is hereby amended to read as follows:

8 689.595 1. The provisions of NRS 683A.341, 683A.451,
9 683A.461, 683A.480 and 686A.010 to 686A.310, inclusive, *and*
10 *section 4 of this act* apply to agents and sellers.

11 2. For the purposes of subsection 1, unless the context requires
12 that a section apply only to insurers, any reference in those sections
13 to "insurer" must be replaced by a reference to "agent" and "seller."

14 3. The provisions of NRS 679B.230 to 679B.300, inclusive,
15 apply to sellers. Unless the context requires that a provision apply
16 only to insurers, any reference in those sections to "insurer" must be
17 replaced by a reference to "seller."

18 **Sec. 13.** NRS 695B.320 is hereby amended to read as follows:

19 695B.320 1. Nonprofit hospital and medical or dental service
20 corporations are subject to the provisions of this chapter, and to the
21 provisions of chapters 679A and 679B of NRS, NRS 686A.010 to
22 686A.315, inclusive, *and section 4 of this act*, 687B.010 to
23 687B.040, inclusive, 687B.070 to 687B.140, inclusive, 687B.150,
24 687B.160, 687B.180, 687B.200 to 687B.255, inclusive, 687B.270,
25 687B.310 to 687B.380, inclusive, 687B.410, 687B.420, 687B.430,
26 687B.500 and chapters 692B, 692C, 693A and 696B of NRS, to the
27 extent applicable and not in conflict with the express provisions of
28 this chapter.

29 2. For the purposes of this section and the provisions set forth
30 in subsection 1, a nonprofit hospital and medical or dental service
31 corporation is included in the meaning of the term "insurer."

32 **Sec. 14.** NRS 695C.300 is hereby amended to read as follows:

33 695C.300 1. No health maintenance organization or
34 representative thereof may cause or knowingly permit the use of
35 advertising which is untrue or misleading, solicitation which is
36 untrue or misleading or any form of evidence of coverage which is
37 deceptive. For purposes of this chapter:

38 (a) A statement or item of information shall be deemed to be
39 untrue if it does not conform to fact in any respect which is or may
40 be significant to an enrollee of, or person considering enrollment in,
41 a health care plan.

42 (b) A statement or item of information shall be deemed to be
43 misleading, whether or not it may be literally untrue if, in the total
44 context in which such statement is made or such item of information
45 is communicated, such statement or item of information may be



1 reasonably understood by a reasonable person not possessing special
2 knowledge regarding health care coverage, as indicating any benefit
3 or advantage or the absence of any exclusion, limitation or
4 disadvantage of possible significance to an enrollee of, or person
5 considering enrollment in, a health care plan if such benefit or
6 advantage or absence of limitation, exclusion or disadvantage does
7 not in fact exist.

8 (c) An evidence of coverage shall be deemed to be deceptive if
9 the evidence of coverage taken as a whole, and with consideration
10 given to typography and format as well as language, shall be such as
11 to cause a reasonable person not possessing special knowledge
12 regarding health care plans and evidences of coverage therefor to
13 expect benefits, services, charges or other advantages which the
14 evidence of coverage does not provide or which the health care plan
15 issuing such evidence of coverage does not regularly make available
16 for enrollees covered under such evidence of coverage.

17 2. NRS 686A.010 to 686A.310, inclusive, *and section 4 of this*
18 *act* shall be construed to apply to health maintenance organizations,
19 health care plans and evidences of coverage except to the extent that
20 the nature of health maintenance organizations, health care plans
21 and evidences of coverage render the sections therein clearly
22 inappropriate.

23 3. An enrollee may not be cancelled or not renewed except for
24 the failure to pay the charge for such coverage or for cause as
25 determined in the master contract.

26 4. No health maintenance organization, unless licensed as an
27 insurer, may use in its name, contracts, or literature any of the words
28 "insurance," "casualty," "surety," "mutual" or any other words
29 descriptive of the insurance, casualty or surety business or
30 deceptively similar to the name or description of any insurance or
31 surety corporation doing business in this State.

32 5. No person not certificated under this chapter shall use in its
33 name, contracts or literature the phrase "health maintenance
34 organization" or the initials "HMO."

35 **Sec. 15.** NRS 695D.290 is hereby amended to read as follows:

36 695D.290 The provisions of NRS 686A.010 to 686A.310,
37 inclusive, *and section 4 of this act* relating to trade practices and
38 frauds apply to organizations for dental care.

39 **Sec. 16.** NRS 695E.170 is hereby amended to read as follows:

40 695E.170 1. A risk retention group and its agents and
41 representatives are subject to the provisions of NRS 686A.010 to
42 686A.310, inclusive ~~§~~, *and section 4 of this act*. Any injunction
43 obtained pursuant to those sections must be obtained from a court of
44 competent jurisdiction.



1 2. All premiums paid for coverages within this state to a risk
2 retention group are subject to the provisions of chapter 680B of
3 NRS. Each risk retention group shall report all premiums paid to it
4 and shall pay the taxes on premiums and any related fines or
5 penalties for risks resident, located or to be performed in the state.

6 3. Any person acting as an agent or a broker for a risk retention
7 group pursuant to NRS 695E.210 shall:

8 (a) Report to the Commissioner each premium for direct
9 business for risks resident, located or to be performed in this State
10 which the person has placed with or on behalf of a risk retention
11 group that is not chartered in this State.

12 (b) Maintain a complete and separate record of each policy
13 obtained from each risk retention group. Each record maintained
14 pursuant to this subsection must be made available upon request by
15 the Commissioner for examination pursuant to NRS 679B.240, and
16 must include, for each policy and each kind of insurance provided
17 therein:

18 (1) The limit of liability;

19 (2) The period covered;

20 (3) The effective date;

21 (4) The name of the risk retention group which issued the
22 policy;

23 (5) The gross annual premium charged; and

24 (6) The amount of return premiums, if any.

25 4. As used in this section, "premiums for direct business"
26 means any premium written in this State for a policy of insurance.
27 The term does not include any premium for reinsurance or for a
28 contract between members of a risk retention group.

29 **Sec. 17.** NRS 695F.090 is hereby amended to read as follows:

30 695F.090 1. Prepaid limited health service organizations are
31 subject to the provisions of this chapter and to the following
32 provisions, to the extent reasonably applicable:

33 (a) NRS 687B.310 to 687B.420, inclusive, concerning
34 cancellation and nonrenewal of policies.

35 (b) NRS 687B.122 to 687B.128, inclusive, concerning
36 readability of policies.

37 (c) The requirements of NRS 679B.152.

38 (d) The fees imposed pursuant to NRS 449.465.

39 (e) NRS 686A.010 to 686A.310, inclusive, *and section 4 of this*
40 *act* concerning trade practices and frauds.

41 (f) The assessment imposed pursuant to NRS 679B.700.

42 (g) Chapter 683A of NRS.

43 (h) To the extent applicable, the provisions of NRS 689B.340 to
44 689B.580, inclusive, and chapter 689C of NRS relating to the
45 portability and availability of health insurance.



1 (i) NRS 689A.035, 689A.0463, 689A.410, 689A.413 and
2 689A.415.

3 (j) NRS 680B.025 to 680B.039, inclusive, concerning premium
4 tax, premium tax rate, annual report and estimated quarterly tax
5 payments. For the purposes of this subsection, unless the context
6 otherwise requires that a section apply only to insurers, any
7 reference in those sections to "insurer" must be replaced by a
8 reference to "prepaid limited health service organization."

9 (k) Chapter 692C of NRS, concerning holding companies.

10 (l) NRS 689A.637, concerning health centers.

11 2. For the purposes of this section and the provisions set forth
12 in subsection 1, a prepaid limited health service organization is
13 included in the meaning of the term "insurer."

14 **Sec. 18.** NRS 696A.360 is hereby amended to read as follows:

15 696A.360 Motor clubs are also subject, in the same manner as
16 insurers, to the following provisions of this Code to the extent
17 reasonably applicable:

- 18 1. Chapter 679A of NRS (scope and definitions);
- 19 2. Chapter 679B of NRS (Commissioner of Insurance);
- 20 3. NRS 683A.400 (fiduciary funds);
- 21 4. Chapter 685B of NRS (unauthorized insurers);
- 22 5. NRS 686A.010 to 686A.310, inclusive, *and section 4 of*
23 *this act* (trade practices and frauds); and
- 24 6. Chapter 696B of NRS (delinquent insurers).

25 **Sec. 19.** NRS 697.360 is hereby amended to read as follows:

26 697.360 Licensed bail agents, bail solicitors and bail
27 enforcement agents, and general agents are also subject to the
28 following provisions of this Code, to the extent reasonably
29 applicable:

- 30 1. Chapter 679A of NRS.
- 31 2. Chapter 679B of NRS.
- 32 3. NRS 683A.261.
- 33 4. NRS 683A.301.
- 34 5. NRS 683A.311.
- 35 6. NRS 683A.331.
- 36 7. NRS 683A.341.
- 37 8. NRS 683A.361.
- 38 9. NRS 683A.400.
- 39 10. NRS 683A.451.
- 40 11. NRS 683A.461.
- 41 12. NRS 683A.480.
- 42 13. NRS 683A.500.
- 43 14. NRS 683A.520.
- 44 15. NRS 686A.010 to 686A.310, inclusive ~~H~~, *and section 4*
45 *of this act.*



1 **Sec. 20.** NRS 232.320 is hereby amended to read as follows:

2 232.320 1. The Director:

3 (a) Shall appoint, with the consent of the Governor,
4 administrators of the divisions of the Department, who are
5 respectively designated as follows:

6 (1) The Administrator of the Aging and Disability Services
7 Division;

8 (2) The Administrator of the Division of Welfare and
9 Supportive Services;

10 (3) The Administrator of the Division of Child and Family
11 Services;

12 (4) The Administrator of the Division of Health Care
13 Financing and Policy; and

14 (5) The Administrator of the Division of Public and
15 Behavioral Health.

16 (b) Shall administer, through the divisions of the Department,
17 the provisions of chapters 63, 424, 425, 427A, 432A to 442,
18 inclusive, 446 to 450, inclusive, 458A and 656A of NRS, NRS
19 127.220 to 127.310, inclusive, 422.001 to 422.410, inclusive, *and*
20 *section 23 of this act*, 422.580, 432.010 to 432.133, inclusive,
21 432B.621 to 432B.626, inclusive, 444.002 to 444.430, inclusive,
22 and 445A.010 to 445A.055, inclusive, and all other provisions of
23 law relating to the functions of the divisions of the Department, but
24 is not responsible for the clinical activities of the Division of Public
25 and Behavioral Health or the professional line activities of the other
26 divisions.

27 (c) Shall administer any state program for persons with
28 developmental disabilities established pursuant to the
29 Developmental Disabilities Assistance and Bill of Rights Act of
30 2000, 42 U.S.C. §§ 15001 et seq.

31 (d) Shall, after considering advice from agencies of local
32 governments and nonprofit organizations which provide social
33 services, adopt a master plan for the provision of human services in
34 this State. The Director shall revise the plan biennially and deliver a
35 copy of the plan to the Governor and the Legislature at the
36 beginning of each regular session. The plan must:

37 (1) Identify and assess the plans and programs of the
38 Department for the provision of human services, and any
39 duplication of those services by federal, state and local agencies;

40 (2) Set forth priorities for the provision of those services;

41 (3) Provide for communication and the coordination of those
42 services among nonprofit organizations, agencies of local
43 government, the State and the Federal Government;

44 (4) Identify the sources of funding for services provided by
45 the Department and the allocation of that funding;



1 (5) Set forth sufficient information to assist the Department
2 in providing those services and in the planning and budgeting for the
3 future provision of those services; and

4 (6) Contain any other information necessary for the
5 Department to communicate effectively with the Federal
6 Government concerning demographic trends, formulas for the
7 distribution of federal money and any need for the modification of
8 programs administered by the Department.

9 (e) May, by regulation, require nonprofit organizations and state
10 and local governmental agencies to provide information regarding
11 the programs of those organizations and agencies, excluding
12 detailed information relating to their budgets and payrolls, which the
13 Director deems necessary for the performance of the duties imposed
14 upon him or her pursuant to this section.

15 (f) Has such other powers and duties as are provided by law.

16 2. Notwithstanding any other provision of law, the Director, or
17 the Director's designee, is responsible for appointing and removing
18 subordinate officers and employees of the Department, other than
19 the State Public Defender of the Office of State Public Defender
20 who is appointed pursuant to NRS 180.010.

21 **Sec. 21.** Chapter 287 of NRS is hereby amended by adding
22 thereto a new section to read as follows:

23 *1. Except as authorized by this section, a governing body of a*
24 *local governmental agency that provides health coverage pursuant*
25 *to NRS 287.010 shall not accept from a manufacturer or a*
26 *pharmacy benefit manager a rebate, reduction in price or other*
27 *remuneration in connection with the sale of a prescription drug.*

28 *2. A governing body of a local governmental agency may*
29 *accept a rebate or reduction in price described in subsection 1 if:*

30 *(a) The value of the rebate or reduction in price is set forth in*
31 *a contract between the manufacturer and the governing body or a*
32 *pharmacy benefit manager working on behalf of the governing*
33 *body; and*

34 *(b) The full value of the rebate or reduction in price is paid to*
35 *the dispensing pharmacy and applied to the price paid by the*
36 *covered person to whom the drug is dispensed.*

37 *3. As used in this section:*

38 *(a) "Manufacturer" has the meaning ascribed to it in*
39 *NRS 639.009.*

40 *(b) "Pharmacy benefit manager" has the meaning ascribed to*
41 *it in NRS 683A.174.*

42 **Sec. 22.** NRS 287.04335 is hereby amended to read as
43 follows:

44 287.04335 If the Board provides health insurance through a
45 plan of self-insurance, it shall comply with the provisions of



1 NRS 687B.409, 689B.255, 695G.150, 695G.160, 695G.162,
2 695G.164, 695G.1645, 695G.1665, 695G.167, 695G.170 to
3 695G.173, inclusive, 695G.177, 695G.200 to 695G.230, inclusive,
4 695G.241 to 695G.310, inclusive, and 695G.405, *and section 4 of*
5 *this act* in the same manner as an insurer that is licensed pursuant to
6 title 57 of NRS is required to comply with those provisions.

7 **Sec. 23.** Chapter 422 of NRS is hereby amended by adding
8 thereto a new section to read as follows:

9 *1. Except as authorized by this section, the Department shall*
10 *not accept from a manufacturer or a pharmacy benefit manager a*
11 *rebate, reduction in price or other remuneration in connection*
12 *with the sale of a prescription drug dispensed to a recipient of*
13 *Medicaid.*

14 *2. The Department may accept a rebate or reduction in price*
15 *described in subsection 1 if:*

16 *(a) The value of the rebate or reduction in price is set forth in*
17 *a contract between the manufacturer and the Department or a*
18 *pharmacy benefit manager working on behalf of the Department;*
19 *and*

20 *(b) The full value of the rebate or reduction in price is paid to*
21 *the dispensing pharmacy and applied to the price paid by the*
22 *recipient to whom the drug is dispensed.*

23 *3. As used in this section:*

24 *(a) "Manufacturer" has the meaning ascribed to it in*
25 *NRS 639.009.*

26 *(b) "Pharmacy benefit manager" has the meaning ascribed to*
27 *it in NRS 683A.174.*

28 **Sec. 24.** The amendatory provisions of sections 1, 4, 21, 22
29 and 23 of this act do not apply to a contract entered into before
30 July 1, 2019, but apply to any renewal or extension of such a
31 contract.

32 **Sec. 25.** This act becomes effective on July 1, 2019.

