

### Fiscal Estimate - 2023 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>23-5112/1</b>	<b>Introduction Number</b> <b>AB-0773</b>
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**Description**  
 regulation of pharmacy benefit managers, fiduciary and disclosure requirements on pharmacy benefit managers, and application of prescription drug payments to health insurance cost-sharing requirements

**Fiscal Effect**

**State:**

- No State Fiscal Effect
- Indeterminate
  - Increase Existing Appropriations
  - Decrease Existing Appropriations
  - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
  - Yes       No
- Decrease Costs

**Local:**

- No Local Government Costs
  - Indeterminate
    - 1.  Increase Costs       Permissive     Mandatory
    - 2.  Decrease Costs       Permissive     Mandatory
  - 3.  Increase Revenue       Permissive     Mandatory
  - 4.  Decrease Revenue       Permissive     Mandatory
- 5. Types of Local Government Units Affected**
- Towns       Village       Cities
  - Counties       Others
  - School Districts       WTCS Districts

**Fund Sources Affected**      **Affected Ch. 20 Appropriations**

GPR     FED     PRO     PRS     SEG     SEGS

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
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## Fiscal Estimate Narratives

OCI 12/13/2023

LRB Number	23-5112/1	Introduction Number	AB-0773	Estimate Type	Original
<b>Description</b> regulation of pharmacy benefit managers, fiduciary and disclosure requirements on pharmacy benefit managers, and application of prescription drug payments to health insurance cost-sharing requirements					

### Assumptions Used in Arriving at Fiscal Estimate

2021 WI Act 9 established the regulation of Pharmacy Benefit Managers (PBMs) by requiring licensing and reporting through the Office of the Commissioner of Insurance (OCI), minimal disclosures of changes in formularies, and elementary parameters for audits and related recoupments.

This bill provides several accountability measures intended to protect patients' access to pharmacies and medications:

- Protects pharmacies from dispensing fees.
- Ensures pharmacies may join preferred or non-preferred networks.
- Requires PBMs to reimburse pharmacies for at least the prescription cost.
- Prohibits retaliation against pharmacies who report PBM violations.
- Provides regulation for fair audit practices limited to waste, fraud, and abuse.
- Establishes fiduciary responsibility to the insurance company that hires the PBM.
- Prohibits copay accumulator programs for drugs that do not have a generic alternative.
- Guarantees formulary stability so patients do not see unnecessary drug changes.
- Protects 340B providers from discriminatory practices.

The fiscal effect of this proposed legislation on agency resources or staff time is indeterminate. However, OCI anticipates that due to the provisions of the bill, more staff time and resources may be needed to investigate potential violations.

### Long-Range Fiscal Implications