

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1616

STATE OF NEW JERSEY

DATED: MAY 11, 2023

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1616.

This bill sets new transparency standards for pharmacy benefits manager (PBM) business practices. Specifically, the bill concerns the licensing and reporting requirements of a carrier or a PBM. The bill requires that PBMs apply for a license with the Department of Banking and Insurance every three years and requires carriers to ensure that a PBM under contract with the carrier owes a fiduciary duty to the carrier. Carriers are to maintain detailed records of transactions and submit annual documentation showing that any compensation remitted by a manufacturer, developer, or labeler to a carrier or PBM was either remitted directly to the covered person at the point of sale to reduce out of pocket expenses or used to offset premium costs for future plan years. Additionally, the bill mandates that carriers and PBMs establish pharmacy and therapeutics committees that are free from conflicts of interest and use one or more formularies. For the purposes of calculating a carrier's anticipated loss ratio, PBM compensation constitutes an administrative cost rather than a benefit.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.