

Concurrent Resolution Directing PEHP Regarding Pharmaceutical Rebates

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Norman K Thurston

Senate Sponsor: Wayne A. Harper

LONG TITLE

~~h~~→ [Committee Note:

~~The Retirement and Independent Entities Interim Committee recommended this bill.~~

~~Legislative Vote: 8 voting for 0 voting against 7 absent } ←h~~

General Description:

This resolution directs the Public Employees' Benefit and Insurance Program to give the estimated value of pharmaceutical rebates to state plan members at the point of sale.

Highlighted Provisions:

This resolution:

▸ directs the Public Employees' Benefit and Insurance Program to give the estimated value of pharmaceutical rebates to state plan members at the point of sale.

Other Special Clauses:

None

Be it resolved by the Legislature of the state of Utah, the Governor concurring therein:

WHEREAS, in accordance with Utah Code Section 49-20-201, the state participates in the Public Employees' Benefit and Insurance Program (PEHP);

WHEREAS, patients with significant health conditions regularly face high monthly out-of-pocket prescription drug costs that are only made worse by a system of rebates within the pharmaceutical industry;

WHEREAS, rebates constitute a financial incentive that a pharmaceutical company contractually pays to a pharmacy benefit manager (PBM) when a rebate-paying drug has been dispensed by a pharmacy;

WHEREAS, the amount of a rebate can be significant and the total annual value of all rebates in the United States is in the tens of billions of dollars;

WHEREAS, the funding source for rebates comes from charging patients more than the actual cost of a drug at the time of purchase;

WHEREAS, the flow of a rebate goes from the drug manufacturer to the PBM and may

31 also be passed down to the health plan and the sponsoring employer, depending on contractual
32 terms;

33 WHEREAS, in the case of the state health insurance plan, 100% of rebates flow from
34 the PBM and PEHP to the state risk pool;

35 WHEREAS, rebates represent an anomaly in health care where a smaller group of
36 people with high-cost health care needs are charged extra to benefit the larger pool of members
37 of the insurance plan;

38 WHEREAS, the financial burden that rebates place on the small group of members with
39 high-cost health care needs who purchase rebate-paying drugs needs to end;

40 WHEREAS, this financial burden amounts to about ~~1~~ → 2.8 ~~two~~ ← ~~1~~ million dollars in costs for
those

41 members that purchase rebate-paying drugs;

42 WHEREAS, if that financial burden were to be spread across the total membership of
43 the state risk pool, the cost would equal about ~~1~~ → \$3.81 \$2.84 ← ~~1~~ per member per month; and

44 WHEREAS, this change will provide relief to state employees and their family members
45 who are the sickest among us:

46 NOW, THEREFORE, BE IT RESOLVED that the Legislature of the state of Utah, the
47 Governor concurring therein, directs PEHP to give state health plan members the estimated
48 value of rebates at the point of sale in proportion to the member's cost sharing responsibility
49 for the drug, less any confirmed payment assistance that is available for reducing the member's
50 out-of-pocket costs.

51 BE IT FURTHER RESOLVED that the costs of giving state members the estimated
52 value of rebates remain cost neutral to the state by spreading such costs across all covered state
53 members by increasing the member premium share or reducing the state's health savings
54 account contribution. ~~1~~ →

54a **BE IT FURTHER RESOLVED that PEHP optimize the total value of PEHP's pharmacy**
54b **benefit manager contract through monitoring, updating, and rebidding.** ← ~~1~~

55 BE IT FURTHER RESOLVED that a copy of this resolution be sent to the Public
56 Employees' Benefit and Insurance Program.