

1 **Concurrent Resolution Directing PEHP Regarding Pharmaceutical Rebates**

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Norman K Thurston

Senate Sponsor: Wayne A. Harper



3 **LONG TITLE**

4 **General Description:**

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

7 **Highlighted Provisions:**

8 This resolution:

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

11 **Other Special Clauses:**

12 None



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

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

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

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

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

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

27 WHEREAS, the flow of a rebate goes from the drug manufacturer to the PBM and may
28 also be passed down to the health plan and the sponsoring employer, depending on contractual

29 terms;

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

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

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

37 WHEREAS, this financial burden amounts to about two million dollars in costs for those
38 members that purchase rebate-paying drugs;

39 WHEREAS, if that financial burden were to be spread across the total membership of the
40 state risk pool, the cost would equal about \$2.84 per member per month; and

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

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

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

52 BE IT FURTHER RESOLVED that PEHP optimize the total value of PEHP's pharmacy
53 benefit manager contract through monitoring, updating, and rebidding.

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