

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 6503
BILL NUMBER: SB 140

NOTE PREPARED: Feb 20, 2025
BILL AMENDED: Feb 19, 2025

SUBJECT: Pharmacy Benefits.

FIRST AUTHOR: Sen. Charbonneau
FIRST SPONSOR: Rep. McGuire

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X GENERAL
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires an insurer, a pharmacy benefit manager (PBM), or any other administrator of pharmacy benefits to ensure that a network utilized by the insurer, PBM, or other administrator is reasonably adequate and accessible and file an annual report regarding the networks with the commissioner. It sets forth certain limitations and requirements with respect to the provision of pharmacy or pharmacist services under a health plan.

This bill allows any insured, pharmacy, or pharmacist impacted by an alleged violation to file a complaint with the commissioner. It provides that the commissioner may order reimbursement to any person who has incurred a monetary loss as a result of a violation.

This bill prohibits a health carrier and a PBM from contracting to provide services under a policy of health insurance coverage if the health carrier has an ownership interest in the PBM. It prohibits a PBM from providing services under a policy of health insurance coverage for a health carrier that has an ownership interest in the PBM.

This bill requires, if a PBM is used with regard to a state employee health plan, the State Personnel Department to either create a PBM or contract with an insurer, a PBM, or other administrator.

This bill also repeals a superseded provision relating to equal access and incentives to pharmacies within a PBM's network.

Effective Date: January 1, 2026; July 1, 2026.

Explanation of State Expenditures: The bill's requirements will increase workload for the Department of Insurance (DOI), State Personnel Department (SPD), and the Indiana Board of Pharmacy, but should be able to be implemented using existing staffing and resources of the agencies and within the regularly scheduled meetings of the Board. *[The DOI is funded through a dedicated agency fund.]*

The bill's requirements may result in changes to costs for any future contracts between the State Employee

Health Plan (SEHP) and pharmacy benefit managers (PBM). Any resulting change in future costs will depend on the terms of the contracts.

Additional Information: The bill allows, but does not require, SPD to create a PBM to fulfill the PBM requirements for the SEHP. If created, this option would result in an indeterminate increase in workload for SPD and an indeterminate impact on costs for the SEHP.

The Board of Pharmacy met 14 times in CY 2024 with the Board's Rulemaking Subcommittee meeting an additional eight times in the year.

Explanation of State Revenues: The bill establishes that a health carrier contracting with a PBM in which the health carrier has an ownership interest is considered to be an unfair and deceptive act in the business of insurance. If this bill increases the number of unfair and deceptive acts discovered by the DOI, revenue to the state General Fund will increase from civil penalties paid by violators. The penalty for engaging in an unfair and deceptive act is one or more of the following: (1) a civil penalty between \$25,000 and \$50,000 for each act or violation and (2) revocation of a person's license or certificate of authority if they knowingly engaged in an unfair or deceptive act.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance; Indiana Board of Pharmacy, Professional Licensing Agency; State Personnel Department; all state agencies.

Local Agencies Affected:

Information Sources:

<https://www.in.gov/pla/professions/pharmacy-home/pharmacy-board/#Current Year Board Agendas>.

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