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COMMITTEE AMENDMENT "." TO LD 1162, An Act To Further Drug Price Transparency

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. **22 MRSA §8703, sub-§1** is amended to read:

1. Objective. The purposes of the organization are to create and maintain a useful, objective, reliable and comprehensive health information database that is used to improve the health of Maine citizens and to issue reports, as provided in section 8712 ~~and section 8736~~. This database must be publicly accessible while protecting patient confidentiality and respecting providers of care. The organization shall collect, process, analyze and report clinical, financial, quality and restructuring data as defined in this chapter.

Sec. 2. **22 MRSA §8704, sub-§1, ¶A** is amended to read:

A. The board shall develop and implement policies and procedures for the collection, processing, storage and analysis of clinical, financial, quality ~~and restructuring and~~ prescription drug price data in accordance with this subsection for the following purposes:

- (1) To use, build and improve upon and coordinate existing data sources and measurement efforts through the integration of data systems and standardization of concepts;
- (2) To coordinate the development of a linked public and private sector information system;
- (3) To emphasize data that is useful, relevant and not duplicative of existing data;
- (4) To minimize the burden on those providing data; and
- (5) To preserve the reliability, accuracy and integrity of collected data while ensuring that the data is available in the public domain.

Sec. 3. **22 MRSA §8705-A, first ¶** is amended to read:

The board shall adopt rules to ensure that payors ~~and providers,~~ prescription drug manufacturers, wholesale drug distributors and pharmacy benefits managers file data as required by section 8704, subsection 1; that users that obtain health data and information from the organization safeguard the identification of patients and health care practitioners as required by

section 8714, subsections 2, 3 and 4; and that payors ~~and~~ providers, prescription drug manufacturers, wholesale drug distributors and pharmacy benefits managers pay all assessments as required by section 8706, subsection 2.

Sec. 4. 22 MRSA §8705-A, sub-§3 is amended to read:

3. Fines. The following provisions apply to enforcement actions under this section except for circumstances beyond a person's or entity's control.

A. When a person or entity that is a health care facility ~~or~~ payor, prescription drug manufacturer, wholesale drug distributor or pharmacy benefits manager violates the requirements of this chapter, except for section 8714, that person or entity commits a civil violation for which a fine of not more than \$1,000 per day may be adjudged. A fine imposed under this paragraph may not exceed \$25,000 for any one occurrence.

B. A person or entity that receives data or information under the terms and conditions of section 8714 and intentionally or knowingly uses, sells or transfers the data in violation of the board's rules for commercial advantage, pecuniary gain, personal gain or malicious harm commits a civil violation for which a fine not to exceed \$500,000 may be adjudged.

C. A person or entity not covered by paragraph A or B that violates the requirements of this chapter, except for section 8714, commits a civil violation for which a fine of not more than \$100 per day may be adjudged. A fine imposed under this paragraph may not exceed \$2,500 for any one occurrence.

Sec. 5. 22 MRSA §8706, sub-§2 is amended to read:

2. Permanent funding. Permanent funding for the organization is provided from reasonable costs, user fees and assessments according to this subsection and as provided by rules adopted by the board.

A. Fees may be charged for the reasonable costs of duplicating, mailing, publishing and supplies.

B. Reasonable user fees must be charged on a sliding scale for the right to access and use the health data and information available from the organization. Fees may be charged for services provided to the department on a contractual basis. Fees may be reduced or waived for users that demonstrate a plan to use the data or information in research of general value to the public health or inability to pay the scheduled fees, as provided by rules adopted by the board.

C. The operations of the organization must be supported from 3 sources as provided in this paragraph:

(1) Fees collected pursuant to paragraphs A and B;

(2) Annual assessments of not less than \$100 assessed against the following entities licensed under Titles 24 and 24-A: nonprofit hospital and medical service organizations, health insurance carriers and health maintenance organizations on the basis of the total annual health care premium; and 3rd-party administrators, carriers

that provide only administrative services for a plan sponsor and pharmacy benefits managers that process and pay claims on the basis of claims processed or paid for each plan sponsor. The assessments are to be determined on an annual basis by the board. Health care policies issued for specified disease, accident, injury, hospital indemnity, disability, long-term care or other limited benefit health insurance policies are not subject to assessment under this subparagraph. For purposes of this subparagraph, policies issued for dental services are not considered to be limited benefit health insurance policies. The total dollar amount of assessments under this subparagraph must equal the assessments under subparagraph (3); ~~and~~

(3) Annual assessments of not less than \$100 assessed by the organization against providers. The assessments are to be determined on an annual basis by the board. The total dollar amount of assessments under this subparagraph must equal the assessments under subparagraph (2); and

(4) Annual assessments of \$500 assessed by the organization against prescription drug manufacturers, wholesale drug distributors and pharmacy benefits managers.

The aggregate level of annual assessments under subparagraphs (2), ~~and~~ (3) and (4) must be an amount sufficient to meet the organization's expenditures authorized in the state budget established under Title 5, chapter 149. ~~The annual assessment may not exceed \$1,346,904 in fiscal year 2002-03. In subsequent fiscal years, the annual assessment may increase above \$1,346,904 by an amount not to exceed 5% per fiscal year.~~ The board may waive assessments otherwise due under subparagraphs (2), ~~and~~ (3) and (4) when a waiver is determined to be in the interests of the organization and the parties to be assessed.

Sec. 6. **22 MRSA, c. 1683, sub-c. 1** is enacted to read:

SUBCHAPTER 1

PRESCRIPTION DRUG PRICING FOR PURCHASERS

§ 8731. Definitions.

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Brand-name drug. "Brand-name drug" means a prescription drug marketed under a proprietary name or registered trademark name, including a biological product.

2. Generic drug. "Generic drug" means a prescription drug, whether identified by its chemical, proprietary or nonproprietary name, that is not a brand-name drug and is therapeutically equivalent to a brand-name drug in dosage, safety, strength, method of consumption, quality, performance and intended use. "Generic drug" includes a biosimilar product.

3. Manufacturer. "Manufacturer" means a manufacturer of prescription drugs that are distributed in the State.

4. Pricing component data. “Pricing component data” means data unique to each manufacturer, wholesale drug distributor, pharmacy benefit manager subject to this subchapter that evidences the cost to each manufacturer, wholesale drug distributor, pharmacy benefit manager to make a prescription drug available to consumers and the payments received by each manufacturer, wholesale drug distributor, pharmacy benefit manager to make a prescription drug available to consumers, taking into account any price concessions, and that is measured uniformly among and between the entities, as determined by rules adopted by the organization pursuant to section 8737.

5. Pricing unit. “Pricing unit” means the lowest identifiable quantity of a prescription drug that is dispensed.

6. Wholesale acquisition cost. “Wholesale acquisition cost” means a prescription drug manufacturer’s listed price for sale to a prescription drug wholesaler or other entity that purchases a prescription drug directly from the manufacturer, not including any price concessions.

§ 8732. Drug price notifications and disclosures

1. Notifications by prescription drug manufacturers. No later than January 30, 2020 and annually thereafter, a prescription drug manufacturer shall notify the organization when the manufacturer has during the prior calendar year:

A. Increased the wholesale acquisition cost of a brand-name drug by more than 20% per pricing unit;

B. Increased the wholesale acquisition cost of a generic drug that costs at least \$10 per pricing unit by more than 20 % per pricing unit; or

C. Introduced a new drug for distribution in this State when the wholesale acquisition cost is greater than the amount that would cause the drug to be considered a specialty drug under the Medicare Part D program.

2. Disclosures by prescription drug manufacturers, wholesale drug distributors and pharmacy benefits managers. Within 60 days of a request from the organization relating to a specific prescription drug, a prescription drug manufacturer, wholesale drug distributor or pharmacy benefits manager shall notify the organization of pricing component data per pricing unit of a drug.

§ 8733. Confidentiality

Information provided to the organization as required by this subchapter by a prescription drug manufacturer, wholesale drug distributor or pharmacy benefits manager is confidential and not a public record under Title 1, chapter 13, except that the organization may share information:

A. With the Department of Professional and Financial Regulation, Bureau of Insurance, to the extent necessary for the bureau to enforce the provisions of Title 24-A, as long as any information shared is kept confidential; and

B. In the aggregate as long as it is not personally identifiable.

§ 8734 . Registration requirements

Beginning January 1, 2020, a prescription drug manufacturer and wholesale drug distributor subject to this subchapter shall register annually with the organization in a manner prescribed by the organization.

§ 8735. Compliance

1. Certification of accuracy. A prescription drug manufacturer, wholesale drug distributor or pharmacy benefits manager that submits a notification or report to the organization pursuant to this subchapter shall submit with the notification or report a signed written certification of the notification or report's accuracy.

2. Civil penalty. A prescription drug manufacturer, wholesale drug distributor or pharmacy benefits manager that violates this subchapter commits a civil violation for which a fine of \$30,000 may be adjudged for each day of the violation.

3. Audit. The organization may audit the data submitted by a prescription drug manufacturer, wholesale drug distributor or pharmacy benefits manager pursuant to this subchapter. The prescription drug manufacturer, wholesale drug distributor or pharmacy benefits manager shall pay for the costs of the audit.

4. Corrective action plan. The organization may require a prescription drug manufacturer, wholesale drug distributor or pharmacy benefits manager subject to this subchapter to develop a corrective action plan to correct any deficiencies the organization finds with the prescription drug manufacturer, wholesale drug distributor or pharmacy benefits manager's compliance with this subchapter.

§ 8736. Public report

Beginning November 1, 2020 and annually on November 1st thereafter, the organization shall produce and post on its publicly-accessible website an annual report, including information developed from the notifications and disclosures received pursuant to this subchapter on: trends in the cost of prescription drugs; analysis of manufacturer prices and price increases; the major components of prescription drug pricing along the supply chain and the impacts on insurance premiums and cost-sharing; and any other information the organization determines is relevant to providing greater consumer awareness of the factors contributing to the cost of prescription drugs in the State. The report may not disclose information attributable to any particular prescription drug manufacturer, wholesale drug distributor or pharmacy benefit manager subject to this subchapter and may not make public any information that is confidential pursuant to section 8733. The organization shall submit the report required by this section to the joint standing committee of the Legislature having jurisdiction over health data reporting and prescription drug matters and the committee may report out legislation to the First Regular or Second Regular Session of the Legislature, depending on the year in which the report is submitted.

§ 8737. Rulemaking

The organization may adopt rules to implement this subchapter. Rules adopted are major substantive rules as defined in Title 5, chapter 375, subchapter 2-A.

Sec. 7. Initial rulemaking. Notwithstanding Title 22, section 8737 of the Maine Revised Statutes, the Maine Health Data Authority may adopt emergency rules that are otherwise in accordance with section 8737 to implement the provisions of Title 22, chapter 1683, subchapter 1 and may adopt routine technical rules to implement that subchapter until April 1, 2020.

SUMMARY

This amendment replaces the bill. The amendment does the following.

The amendment requires prescription drug manufacturers to report annually to the Maine Health Data Organization no later than January 30, 2020 and annually thereafter, on prescription drug prices when the manufacturer has during the prior calendar year increased the wholesale acquisition cost of a brand-name drug by more than 20% per pricing unit, increased the wholesale acquisition cost of a generic drug that costs at least \$10 per pricing unit by more than 20 % per pricing unit or introduced a new drug for distribution in this State when the wholesale acquisition cost is greater than the amount that would cause the drug to be considered a specialty drug under the Medicare Part D program.

The amendment also requires prescription drug manufacturers, wholesale drug distributors and pharmacy benefits managers to provide pricing component data per pricing unit of a drug within 60 days of a request by the Maine Health Data Organization. The amendment defines “pricing component data” as data unique to each manufacturer, wholesale drug distributor or pharmacy benefit manager that evidences the cost to make a prescription drug available to consumers and the payments received by each manufacturer, wholesale drug distributor or pharmacy benefit manager to make a prescription drug available to consumers, taking into account any price concessions, that is measured uniformly among and between the entities, as determined by rules adopted by the organization.

The amendment provides that reported information is confidential, except that information may be shared in the aggregate and with the Bureau of Insurance for enforcement purposes.

Beginning November 1, 2020 and annually thereafter, the amendment requires the Maine Health Data Organization to produce and post on its publicly-accessible website an annual report, including information developed from the notifications and disclosures received from prescription drug manufacturers, wholesale drug distributors and pharmacy benefits managers on trends in the cost of prescription drugs, an analysis of manufacturer prices and price increases, the major components of prescription drug pricing along the supply chain and the impacts on insurance premiums and cost-sharing, and other information the organization determines is relevant to providing greater consumer awareness of the factors contributing to the cost of prescription drugs in the State.