

# SENATE COMMERCE COMMITTEE

## STATEMENT TO

### SENATE, No. 1423

with committee amendments

# STATE OF NEW JERSEY

DATED: FEBRUARY 11, 2021

The Senate Commerce Committee reports favorably and with committee amendments Senate Bill No. 1423.

As amended, this bill requires carriers to pass prescription drug savings on to consumers. The bill provides that all compensation paid by a pharmaceutical manufacturer to a pharmaceutical benefits manager as a result of negotiations of a reduced price for a pharmaceutical between a pharmacy benefits manager and a manufacturer, in relation to a contract between a pharmacy benefits manager and a carrier related to its insured prescription drug benefits, shall be remitted to and retained by the carrier and must be used by the carrier to lower the premium for covered persons under the carrier's health benefits plan or to allow for remittance directly to the covered person's at the point of sale to reduce the insured's out of pocket costs.

In addition, the bill provides that a carrier shall annually file with the commissioner a report demonstrating how the carrier has complied with the provisions of the bill.

Under the bill, "compensation" is defined as any direct or indirect financial benefit, but excludes any performance compensation agreement paid by a manufacturer, developer or labeler.

#### COMMITTEE AMENDMENTS:

The committee amended the bill to:

- 1) revise the definition of "compensation;"
- 2) clarify that the contract addressed in the bill between pharmacy benefit managers and carriers relates to the prescription drug benefits of covered persons;
- 3) permit a carrier to remit compensation received by a carrier as a result of negotiations for reduced drug prices directly to a covered person at the point of sale; and
- 4) adjust the effective date.