

# Legislation Prohibiting Spread Pricing by Pharmacy Benefit Managers (PBMs)

12 States, 14 Bills

## What is spread pricing?

“Spread Pricing” means any amount charged or claimed by a Pharmacy Benefit Manager to a health carrier that is in excess of the amount the Pharmacy Benefit Manager paid to the pharmacy that filled the prescription.

(Model language for PBM-related legislation, including spread pricing, can be found [here](#).)

Legislation generally falls into 4 categories: Prohibition, Spread pricing as an option, Disclosure, or Medicaid-specific. This summary table showcases where the twelve states fall. See the following pages for expanded summaries.

State/bill	Prohibition	Optional Spread	Disclosure	Medicaid Only
AL <a href="#">SB227</a>			Must disclose if spread pricing is deployed. ERISA exempt.	
AR <a href="#">SB520</a>	Prohibited			
DE <a href="#">HB219</a>	Prohibited			
GA <a href="#">HB946/</a> <a href="#">SB313</a>	Prohibited for state plans	Optional for other plans	Aggregate spread amount must be disclosed if deployed for non-state plans	
IL <a href="#">HB465</a>			If requested by plan sponsor	
LA <a href="#">SB41</a>	Prohibited unless biannual notice is provided to the plan's policy holder		Notice must include aggregate amount of spread	
LA <a href="#">SB130</a>				Prohibited
LA <a href="#">SB239</a>				Medicaid/ MCO
MI <a href="#">HB4348</a>	Prohibited earlier of contract renewal or amendment, or 1/1/2028		Any spread must be disclosed	Medicaid exempt
ND <a href="#">SB 2301</a>			Spread disclosed upon request for PBM-owned or affiliated pharmacies	
NY <a href="#">SB1507</a>				Prohibited
PA <a href="#">HB941</a>				Prohibited
VA <a href="#">HB1291</a>	Prohibited			
WV <a href="#">HB2263</a>			Spread must be disclosed for state employee plan.	

State	Bill	Yr	Relevant Language (source: <a href="#">NASHP</a> )	Author
AL	<a href="#">SB 227</a>	2021	This measure requires PBMs to prepare an annual report that discloses aggregate rebate information and whether the PBM engages in spread pricing, if requested by a health insurer client. See page 16, line 9	Sen. Tom Butler (R)
AR	<a href="#">SB 520</a>	2019	This bill also prohibits a PBM from conducting "spread pricing" in the state. See page 6, line 10.	Sen. Kim Hammer (R)
DE	<a href="#">HB 219</a>	2021	This bill prohibits PBMs from engaging in spread pricing and from reimbursing a pharmacist or pharmacy in an amount less than the PBM reimburses an affiliate. See 3372a(1).	Rep. Andria Bennett (D)
GA	<a href="#">HB 946/ SB 313</a>	2020	Additionally, this measure requires a PBM to offer a health plan the option of charging the health plan the same price for a prescription drug as it pays a pharmacy for the drug, unless the PBM is contracted with the state, in which case the PBM will be required to charge a plan the same price for a drug as it pays a pharmacy.	Rep. David Knight (R), Sen. Dean Burke (R)
IL	<a href="#">HB 465</a>	2019	This measure also permits a plan sponsor contracting with a PBM to disclose the actual amounts paid by the PBM to pharmacies. (See page 26, line 10)	Rep. Gregory Harris (D)
LA	<a href="#">SB 41</a>	2019	This measure additionally prohibits PBMs from participating in spread pricing in most circumstances. See page 2, line 22.	Sen. Fred Mills (R)
LA	<a href="#">SB 130</a>	2018	This bill prohibits all pharmacy benefit managers from retaining federal drug rebates or "spread pricing" amounts in excess of what they paid the pharmacist.	Sen. Fred Mills (R)
LA	<a href="#">SB 239</a>	2019	If the DOH does not carve in pharmacy services for Medicaid, the pharmacy benefit manager administering benefits must be reimbursed a transaction fee only and will not be allowed to retain any portion of spread pricing or state supplemental rebates.	Sen. Fred Mills (R)
MI	<a href="#">HB 4348</a>	2022	Under this bill, a PBM cannot directly or indirectly reduce the amount of a claim payment after adjudication of a claim or engage in spread pricing. This bill requires PBMs to disclose to contracting carriers the difference between the amount paid to a network pharmacy and the amount charged to the carrier. See page 6, Sec 18 (6).	Rep. Julie Calley (R)

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ND	<a href="#">SB 2301</a>	2017	This measure requires a pharmacy benefit manager to disclose to a plan sponsor any difference between the amount paid to a pharmacy and the amount charged to the plan sponsor, upon request by a plan sponsor contract payer. See page 1, #2.	Sen. Howard Anderson (R)
NY	<a href="#">SB 1507</a>	2019	This measure prohibits pharmacy benefit managers (PBMs) in the Medicaid program from retaining any portion of spread pricing.	None (Budget Bill)
PA	<a href="#">HB 941</a>	2020	This bill also prohibits a PBM from retaining a pharmacy spread, or the differential between what is billed to the MCO and what is paid to the pharmacy. MCOs that use a PBM will be required to report information regarding spread pricing to the department.	Rep. Doyle Heffley (R)
VA	<a href="#">HB 1291</a>	2020	This measure also prohibits PBMs from conducting spread pricing.	Del. Keith Hodges (R)
WV	<a href="#">HB 2263</a>	2021	Under this bill, PBMs must offer a plan the option of charging the plan the same price for a prescription drug as it pays a pharmacy for the drug. PBMs must also report in the aggregate to the health plan the difference between the amount the PBM reimbursed a pharmacy and the amount the PBM charged the health plan. See page 7, line 148.	Del. Larry Pack (R)