



## SENATE OF PENNSYLVANIA BILL SUMMARY

### Senate Bill 637 Printer's No. 716

Prime Sponsor: White  
Committee: Banking and Insurance

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#### **SYNOPSIS:**

Amends the Insurance Company Law of 1921 adding a section establishing a Pharmaceutical Transparency Commission.

#### **SUMMARY:**

Establishes the Pharmaceutical Transparency Commission, which consists of:

1. The Insurance Commissioner
2. The Secretary of Health
3. The Secretary of Human Services
4. A pharmacist designated by the Pennsylvania Pharmacists Association
5. A consumer advocated designated by the Leukemia and Lymphoma Society
6. A physician designated by the Pennsylvania Medical Society
7. An insurance industry representative designated by the Pennsylvania Association of Health Underwriters

The Commission shall hold quarterly meetings and shall review pharmaceutical retail pricing to determine whether those prices are reasonably related to the cost to produce the drug. Prices in excess of 20% of the cost shall be presumed not reasonable unless the Commission deems otherwise.

The Commission shall be funded by an annual assessment on the pharmaceutical manufacturers.

The Commission shall also determine reasonable reimbursement to hospitals, health care providers and physicians for costs associated with the dispensing of medication.

The pharmaceutical manufacturers shall annually report the total cost of production for each drug they produce including costs associated with: research and development; clinical trials and regulatory costs; materials, manufacturing and administrative expenses; costs paid by another entity including governmental grants; and other costs to acquire the drug, including the purchase of patents, licensing or acquisition costs. The manufacturers will also have to report its cumulative annual history of its average wholesale price along with its profit for each drug.

If a company fails to produce this information for a drug, the insurer or pharmacy benefits manager shall not be required to reimburse for the drug.

The information required to be reported under this bill shall be made publicly available on the Insurance Department's website.

At the recommendation of the Commission, the Insurance Department may promulgate regulations necessary to administer this act.

Effective Date: 60 days

**BILL HISTORY:**

Prepared by: Carlton Logue 4/18/2017