



PBM Regulation

[HB 1696](#) by Reps. [Carl Isett](#) (R-Lubbock) and [Linda Harper-Brown](#) (R-Irving).

1. Pharmacy Benefit Managers (PBMs) process or pay claims, provide health care services to enrollees, and issue verifications or pre-authorizations. They should be required to obtain a certificate of authority from the Texas Department of Insurance (TDI) in the same manner as do Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs).
2. PBMs should act in good faith by:
 - a. Disclosing any conflicts of interest;
 - b. Not requiring pharmacy providers to maintain records any more stringent than those required by the Texas State Board of Pharmacy or federal law;
 - c. Adjusting reimbursement schedules within three business days of receiving notice from pharmaceutical manufacturers of an increase in costs.
3. PBMs should be prohibited from contacting a covered individual without express written consent from the covered entity.
4. Pharmacies should be paid promptly, at least within two weeks time of claim submission using an electronic funds transfer (EFT).
 - a. All PBM claim filing and adjudication is done electronically and virtually instantaneously. A PBM has all the information it needs at the time of pharmacy service to review and authorize each claim.
 - b. PBMs get paid promptly from the plan sponsors, so PBMs should pay pharmacies promptly.
 - c. EFT is an almost universal method used by businesses to pay employees and bills.
 - d. The Texas Medicaid program pays pharmacies within 10-12 days using EFT.
5. The existing prompt pay audit law should provide for a complaint process for pharmacies and a requirement of TDI to investigate complaints and make a written determination and possible sanctions for violations.