

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6906

BILL NUMBER: HB 1390

NOTE PREPARED: Jan 10, 2007

BILL AMENDED:

SUBJECT: Pharmacy benefit managers.

FIRST AUTHOR: Rep. Welch

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill specifies certain requirements that apply to a pharmacy benefit manager. It makes a violation of the requirements an unfair and deceptive act or practice in the business of insurance.

Effective Date: July 1, 2007.

Explanation of State Expenditures: Individuals who violate the requirements may be charged with committing an unfair and deceptive act or practice in the business of insurance and may be subject to a hearing by the Commissioner of Insurance. Adding certain requirements that are subject to the unfair and deceptive act or practice could increase the number of violations for which a hearing may ensue. However, the Department of Insurance (DOI) should be able to handle any additional expenses given its current level of budget and resources.

Explanation of State Revenues: As a result of the hearing, violators may be ordered to cease and desist from the unfair or deceptive act or practice, and the Commissioner may order the payment of a civil penalty of not more than \$25,000 for each act or violation. If the person knew or reasonably should have known that he or she was in violation, the penalty may be not more than \$50,000 for each act or violation. Civil penalties imposed and collected are deposited in the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected:

Information Sources:

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