Prime Therapeutics Client Communication

Below is a policy update from the Prime Government Affairs team. Please share with the appropriate staff within your company.

Federal Update

2024 Fiscal Year Appropriations & PBM Reform

Congress passed two spending packages in March to fund the government for the rest of fiscal year 2024 and avert a government shutdown. Prime actively lobbied lawmakers to oppose or refrain from supporting anti-PBM policies, in particular measures delinking PBM compensation and/or prohibiting spread pricing in the commercial market. Neither the March 8th nor March 22nd packages included PBM-related policies. Despite widespread bicameral, bipartisan support for PBM reform, the scope and whether PBM policies should apply to the commercial market or only federal programs was a major sticking point for lawmakers. A narrowly divided makeup in both chambers also placed pressure on Congressional leadership to keep the packages free of controversial items and avoid opening them up to a wide range of issues not related to expiring provisions or funding.

Senate Finance Press Conference: On March 14th, Senate Finance Chair Ron Wyden (D-OR) and Ranking Member Mike Crapo (R-ID) held a press conference with pharmacists urging Congress to pass two PBM reform bills that advanced in their committee last year. One bill, the *Modernizing and Ensuring PBM Accountability (MEPA) Act* (S. 2973) would prohibit spread pricing in Medicaid and impose additional PBM drug pricing transparency. The other bill, the *Better Mental Health Care, Lower-Cost Drugs, and Extenders Act* (S. 3430) includes the *No PBMs Act* and requires the Centers for Medicare & Medicaid Services (CMS) to define reasonable and relevant contract terms in Medicare. View their "Dear Colleague" letter HERE.

Senate and House Members Call for Leadership to Act Immediately to Pass PBM Legislation: On March 15th, 21 Senators and 51 House Members sent a letter to Senate Majority Leader Chuck Schumer (D-NY) and Minority Leader Mitch McConnell (R-KY) to call for immediate action on enacting PBM reforms. See the letter HERE.

What's Next: The next big push to pass PBM legislation is expected during the lame duck session after the November 5th elections. However, lawmakers could attempt to pass PBM reform any time before the lame duck.

FTC PBM 6(b) Study Update

On January 22nd, a group of bipartisan senators sent a letter to the Federal Trade Commission (FTC) urging the agency to complete its 6(b) study of PBMs in a "timely manner". See the letter HERE. The following month, FTC Chair Lina Khan told the group of senators that none of the nine PBMs ordered in 2022 and 2023 to turn over business practice documents to the FTC to conduct the study have fully complied. Prime was one of the nine PBMs involved in the ongoing study and has cooperated with the FTC's requests.

Biden Administration & Prescription Drug Costs

White House Listening Session on PBMs: On March 4th, the White House convened a roundtable on "Lowering Healthcare Costs and Bringing Transparency to Prescription Middlemen." The panelists included senior officials from across the Administration, leaders from state government, the private sector, and community pharmacies. No representatives from the pharmacy benefit manager industry were invited. Panelists scrutinized PBM practices focusing on spread pricing, take-it-or-leave-it contracts, and alleged lack of transparency.

President Biden's 2025 Budget: On March 11th, President Biden released his proposed budget for fiscal year 2025. While the proposal is unlikely to pass a divided Congress, it reflects the Administration's policy priorities. The budget proposes limiting Medicare Part D cost-sharing for high-value generic drugs to no more than $2 for Medicare beneficiaries. The President also wants Congress to expand certain Inflation Reduction Act (IRA) provisions including extending both the $2,000 annual cap on Medicare prescription drugs and Part D drug inflation rebates to the commercial market. The previous week, during the State of the Union Address, President Biden proposed expanding drug price negotiations to at least 50 drugs per year. The current law allows up to 20 drugs per year.

President Launches Strike Force on Unfair and Illegal Pricing: On March 5th, President Biden announced a joint task force to crack down on unfair and illegal pricing in specific industries including prescription drugs and health care. The task force will be co-chaired by the Department of Justice (DOJ) and Federal Trade Commission (FTC) and is another indication of the Administration's commitment to easing patients' drug costs and curb anticompetitive business practices.

Change Healthcare Ransomware Attack

On Feb 21st, a ransomware attack on Change Healthcare impacted healthcare organizations nationwide. Over 100 services including pharmacy, medical record, clinical, and payment systems were affected. On March 5th and March 15th, the Department of Health and Human Services (HHS) released a statement with flexibilities the Centers for Medicare & Medicaid Services (CMS) outlined to support impacted organizations. Prime took immediate action and was actively involved in stakeholder meetings with the Administration to resolve the issue, minimize disruption, and identify practices to prevent future attacks. The Senate Finance Committee is planning a hearing with the UnitedHealth Group CEO this spring to discuss the Change cybersecurity attack.

Congressional PBM-Related Committee Hearings & Markups:

- **January 31 – House Energy and Commerce Health Subcommittee Hearing:** "Health Care Spending in the United States: Unsustainable for Patients, Employers, and Taxpayers." The Committee heard from expert witnesses about ways to lower prescription drug costs including measures like the House passed *Lower Costs, More Transparency Act* (H.R. 5378). The bill would ban spread pricing in Medicaid, codify the Trump-era Transparency in Coverage (TiC) Rule machine-readable file provision, and require PBMs to semi-annually provide health plans with detailed prescription drug data.

- **February 8 – Senate HELP Committee Hearing:** "Why Does the United States Pay by Far, the Highest Prices in the World for Prescription Drugs?" Committee members grilled pharma CEOs of Johnson & Johnson, Merck, and Bristol Myers about the substantial drug price differential between the US and other countries, as well as pharma engaging in anti-competitive behavior. The CEOs justified their prices due to the complexities of the U.S. healthcare system and would not commit to lowering their prices.

Federal Legislation

Delinking Revenue from Unfair Gouging (Drug) Act (H.R. 6283/S. 1542): Regulates the commercial market and would only allow PBMs to charge a flat fee for their services by delinking the service fee from the list price of a drug. The bill had previously been introduced in the Senate as S. 2973. The DRUG Act also bans spread pricing in the commercial market and bans 'patient steering,' when a PBM encourages or requires patients to use its affiliated pharmacies. Prime and the PBM industry vigorously oppose the bill and are prioritizing the fight against this legislation. Cleared the House Oversight & Accountability Committee on February 6th. The House Oversight Committee *only* has jurisdiction over the federal employee benefits program (FEHBP) program.

Real-Time Benefit Tool Implementation Act (H.R. 7512): A bill to ensure the implementation of real-time benefit tools under Medicare Part D, which would allow providers to see the price of drugs before prescribing. A Centers for Medicare & Medicaid (CMS) 2019 final rule requires Medicare Part D sponsors to implement an RTBT capable of integrating with at least one prescriber's electronic prescribing system or electronic health record. According to the bill sponsors, this bill aims to let CMS know it needs to issue swift rulemaking and implementation of RTBT. The House Ways & Means Committee advanced the bill on March 6th.

Seniors' Access to Critical Medications Act (H.R. 5526/S. 3458)**:** Amends Section 1877 of the Social Security Act to clarify that delivering medicines by mail or allowing a family member or caregiver to pick up medicines on behalf of a patient does not violate Stark Law. During the COVID-19 public health emergency (PHE), CMS had Stark waivers in place allowing delivery or pick up of drugs. When the PHE ended in May 2023, CMS issued another FAQ stating that the Stark waivers had expired and delivery of drugs to patients was a violation. The bill rescinds CMS' previously issued FAQs on this matter. The House Energy & Commerce Subcommittee on Health advanced the bill on March 12th. Prime supports the bill.

Better Mental Health Care, Lower-Cost Drugs, and Extenders Act (S. 3430): The bill would require post-deductible enrollee coinsurance for certain Part D drugs to be based on net prices for certain specified classes of drugs and for drugs for which aggregate price concessions are equal or greater than 50% of aggregate Part D costs. In later years, Part D plans would be required to limit post-deductible enrollee cost-sharing for any covered Part D drug included in the formulary to the net price. Lastly, S. 3430 creates a new destination for "essential retail pharmacies" (i.e., pharmacies that are not affiliated with a PBM or plan sponsor and are in a medically underserved area). Plan sponsors would have to contract with 80% of all independent community pharmacies and 50% of all other essential retail pharmacies in those areas.

Federal Regulations

Medicare

Contract Year 2025 MA & Part D Advance Notice: On January 31st, the Centers for Medicare & Medicaid Services (CMS) released the Calendar Year 2025 Advance Notice for the Medicare Advantage and Medicare Part D Prescription Drug Programs that would update payment policies for these programs. The proposed updates reflect changes to the Part D redesign as required by the Inflation Reduction Act (IRA). Prime has several concerns with the proposed Advance Notice, chief among them the Part D (RxHCC) risk adjustment model used to calculate direct subsidy payments for Part D benefits offered by stand-alone Part D prescription drug plans (PDPs) and Medicare Advantage prescription drug plans (MA-PDs). CMS proposed no changes to the current risk corridor methodology. However, to reduce uncertainty in plan bids, Prime urges CMS to exercise its existing waiver authority under section 402, as originally established by the Social Security Amendments of 1967, to narrow the risk corridors for three years, outlined in section 1860D-15(e)(3)(C) of the Social Security Act. Prime commented via our trade association.

Draft CY 2025 Part D Redesign Program Instructions: On January 31st, the Centers for Medicare & Medicaid Services (CMS) issued its Draft Calendar Year (CY) 2025 Part D Redesign Program Instructions, which focus on implementing provisions of the Inflation Reduction Act (IRA) related to the Part D benefit for 2025. Several provisions will require additional clarification and instructions including changes related to the definition of True-Out-of-Pocket (TrOOP) costs and creditable coverage. Prime commented via our trade association recommending additional guidance. Prime also expressed concern the redesign provisions' unintended effects could destabilize the Part D market and increase premiums. Therefore, we asked CMS to narrow risk corridor thresholds to help ensure a stable transition.

Medicare Prescription Payment Plan Part One Guidance: On February 29th, the Centers for Medicare & Medicaid Services (CMS) issued the Final Part One Guidance for the new Medicare Prescription Payment Plan (M3P). CMS issued the Draft Part One Guidance on August 8, 2023. Prime commented on the draft via our trade association.

The Final One Guidance outlines the basic principles of the program and the Part D sponsor's obligations to provide beneficiaries the option to pay their out-of-pocket Part D prescription drug cost in monthly amounts over the plan year. Notably, if a Part D enrollee has cost sharing for a single covered Part D drug of $600 or more and has not already opted into the program, the Part D sponsor will be required to notify the pharmacy to inform the individual about the program. The guidance also outlined the requirements of Part D plan sponsors to promptly reimburse pharmacies the cost-sharing amount that normally would have been paid by a beneficiary.

The implications for implementing M3P will be significant for Part D sponsors and PBMs. Despite our request, CMS declined to adjust its timeline to allow Part D plans to phase in certain components and requirements. We continue to be concerned about delinquency management, the magnitude of delinquency eventually putting pressure on bids, and bad debt levels potentially causing premiums to increase. Additionally, we are concerned that certain program elements (i.e., re-worked retroactive claims or post-termination) may lead to beneficiary confusion and have a potential negative impact on Medicare Star Ratings. Prime will continue to actively engage CMS to ensure the successful implementation of the program.

The M3P program will go into effect on January 1, 2025.

Medicare Prescription Payment Plan Draft Part Two Guidance: The Centers for Medicare & Medicaid (CMS) issued Draft Part Two Guidance on February 15th. Part Two focuses on Part D plans' obligations for enrollees' education, outreach, and communications related to the program. Prime submitted comments via our trade association. The comments highlighted the substantial implementation of the program required the model materials to be finalized early Summer 2024, clarification and guidance on certain elements to ensure beneficiaries likely to benefit are identified, and adoption of True Out-of-Pocket costs (TrOOP) rather than out-of-pocket costs (OOPC) for likely to benefit threshold calculations. Comments were submitted March 16th.

Anti-Obesity Medication Coverage: On March 20th, the Centers for Medicare & Medicaid Services (CMS) issued guidance allowing for the coverage of anti-obesity medications for cardiovascular risk reduction. In early March, the Food and Drug Administration (FDA) said Wegovy (semaglutide) can be prescribed to reduce the risk of heart attacks and stroke for adults who are obese or overweight. The new guidance also applies to state Medicaid plans. According to the guidance, Medicare Part D plans and Medicaid plans may use utilization management tools for coverage of anti-obesity medication.

On March 20th, the Congressional Budget Office (CBO) released cost estimates on the *Treat and Reduce Obesity Act (TROA)* (H.R. 4818/S. 2407), a federal bill allowing CMS coverage of anti-obesity drugs. CBO estimates that anti-obesity medications would raise the federal deficit over the first 10 years. The CBO also expects semaglutide to be selected for Inflation Reduction Act (IRA) price negotiation within the next few years, “which would lower its price.”

Health Insurance Market

Updated Prescription Drug Data Collection (RxDC) Reporting Instructions: In January 2024, the Centers for Medicare & Medicaid Services (CMS) released updated instructions for group health plans and insurers to report prescription drug and healthcare spending data, as required by the Consolidated Appropriations Act, 2021 (CAA). The RxDC data submission includes information on the most frequently dispensed and costliest drugs, as well as prescription drug rebate information. According to CMS, the RxDC report is intended to promote transparency in prescription drug pricing. The deadline for the 2023 reference year report is June 1, 2024.

Prime evaluated the instructions and intends to submit the annual report by the deadline.

FAQS About Affordable Care Act Implementation Part 64: On January 22nd, the Departments of Labor, Treasury, and Health and Human Services issued FAQ guidance addressing required coverage of contraceptive drugs under the Affordable Care Act (ACA) in response to reports of group health plans and insurers employing "unreasonable medical management techniques and other problematic practices". The guidance outlines the therapeutic equivalence approach to compliance with the ACA contraceptive mandate. Upon evaluation, Prime confirmed that our plans are in compliance, are following prior guidance, and are not required to adopt the therapeutic equivalence approach regarding ACA coverage.

State Update

Executive Summary
The Prime Therapeutics West Region government affairs team covers legislative sessions and regulatory activities under legislation in Idaho, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming.

Legislation specific to containing prescription drug costs and PBM oversight continues to have strong bipartisan support in several state legislatures with a high level of activity in 2024. Below is a summary of first quarter 2024 activity in select western region states:

Idaho (2024 Legislative Session: January 8 – No constitutionally required Sine Die)
Despite engagement with a legislator/independent pharmacy owner during the 2023 legislative session and extensive outreach during the interim session leading up to the 2024 legislative session, two PBM-omnibus bills were filed in Idaho with no input from payers or PBMs. HB596 and SB1389 include provisions impacting pharmacy networks (including mail and specialty pharmacy), the requirement of a mandatory minimum dispensing fee, 340B, audits, formulary changes, medical pharmacy, PBM reporting, rebate management, and white bagging/site of care programs. Prime and Regence have led efforts to engage with sponsors and stakeholders on both pieces of legislation including testifying in House and Senate committees, engagement with key legislators, PCMA, AHIP, and the Idaho Association of Health Plans. The fiscal notes do not reflect the increased costs resulting from mandatory dispensing fees; the proponents insist these increased costs will be covered by manufacturer rebates. We have engaged

extensively to educate legislators that there is no magic pot of rebate money sitting around to cover the multi-million-dollar cost of this bill.

New Mexico (2024 Legislative Session: January 16 – February 15)
The 2024 legislative session was a short budget session requiring endorsement by the Governor for any non-budgetary legislation. The Governor endorsed and signed several bills impacting BCBS-NM and Prime. Legislation prohibiting step therapy for drugs used to treat cancer and autoimmune diseases (SB 135) was enacted adding to an existing prohibition of step therapy on SUD medications. This is an impactful legislative concept that we are already seeing being replicated in other states still in session. HB165 was passed that statutorily requires a minimum dispensing fee and NADAC reimbursement for managed Medicaid plans including BCBS-NM. The Prescription Drug Price Transparency Act (HB33) was also passed which includes transparency reporting from several drug supply chain entities. HB33 was negotiated with the proponents leading up to the legislative session. The NM legislature also reorganized the NM Health Care Authority to create an umbrella entity responsible for health care oversight of all programs in New Mexico. Senator Hickey, a physician legislator, indicated a PBM study has been conducted which will lead to additional PBM legislation in 2025. Finally, during an interaction with Governor Lujan-Grisham at a DGA event in Washington, DC the Governor indicated her intent to ban PBMs from New Mexico.

Oregon (2024 Legislative Session: February 5 – March 7)
The 2024 legislative session represents the second year of a 2-year legislative session meaning bills filed in 2023 were still active. A PBM omnibus bill including mandating a minimum Medicaid Fee for Service dispensing fee and inclusion of self-funded and ERISA plans was still active from 2023. Regence, Prime, PCMA, AHIP, and the Oregon Health Plan Association were highly engaged over the last 2 years. We were successful in negotiating out mandatory minimum dispensing fees and ERISA plans from the bill however there remain provisions impacting audits, 340B drugs, pharmacy networks, fees, and MAC. HB4012 was also enacted prohibiting white bagging but includes a carve-out for hospital-administered drugs much like the bill passed in Texas during the 2023 legislative session. The copay accumulator bill (HB4113) was also enacted. HB4002 which prohibits PA or other UM for SUD medications, and the establishment of an AI Task Force (HB4153) were also passed. Proponents of HB4149 have indicated there will be extensive interim work on PBMs leading to the 2025 legislative session.

Utah (2024 Legislative Session: January 16 – March 1)
Three major pieces of bipartisan legislation impacting payers and PBMs were filed in 2024. The copay accumulator bill was refiled (SB 152) despite significant opposition in 2023 by the bill sponsor with an indication this was his highest priority bill before his retirement. Also filed was HB425 which included several requirements for payers and PBMs. Both SB152 and HB425 were defeated after significant engagement and leadership from Regence of Utah, Prime, PCMA, AHIP, and the Utah Chamber of Commerce. Utah's Senate majority leader, an independent pharmacy owner, partners annually with the Board of Pharmacy and Pharmacy Association on legislation. Despite indicating interest in a "Florida-like" bill in Utah, we were able to limit SB207 to including negotiated pharmacy audit amendments. Finally, SB166 as enacted requires notification and justification of formulary changes of which we were able to include an exemption for generics and biosimilars.

Washington (2024 Legislative Session: January 8 – March 7)
Washington is another state with a two-year legislative cycle, meaning that bills introduced in 2023 were still active. Senator Kuderer, who is running for Insurance Commissioner in 2024, led efforts to keep SB5213, a PBM-omnibus bill, alive in 2024. Prime, Regence, PCMA, AHIP, the

Washington Association of Health Plans, and several unions/trades were actively engaged in policies leading to higher drug spending and ERISA pre-emption. Despite proponents' goal of making ALL payers, including self-insured and unions/trust plans, follow enacted PBM statutes, we were able to successfully negotiate an opt-in provision for these payers. There are still several provisions impacting MAC, specialty and mail pharmacy practice, pharmacy networks, white bagging, and PBM regulatory oversight. This bill passed following several amendments and is currently sitting with the Governor's office for signature. PCMA, the Washington Association of Health Plans, and the unions have all filed veto requests with the Governor.

Wyoming (2024 Legislative Session: February 12 – March 8)
The interim joint Labor, Health, and Social Services committee worked bills on Provider-administered drugs (white bagging and site of care) and Prior Authorization during the interim. Prime, BCBSWY, PCMA, and industry stakeholders were successful in killing the white bagging bill. The same stakeholders actively engaged on two other major bills during the budget session in WY. HB14 was enacted and includes provisions on prior authorization, gold carding, and step therapy. SB100 was also enacted and is a prompt payment of insurance claims bill that includes pharmacy claims. Both bills were heavily negotiated to minimize impact as much as possible. A bill proposing further requirements for PBMs from the Governor's office was defeated during the legislative session. While several healthcare topics were identified for interim work, the appetite for PBM-specific legislation seems to be diminishing. That said, we anticipate step therapy legislation in 2025.

Other Client States:

Alabama: HB 238 passed through the House Insurance Committee earlier this month. The bill would mandate the pharmacies be reimbursed the Alabama Average Acquisition Cost plus a $10.64 dispensing fee. In addition to this, the bill would ban spread pricing, not require a 340B modifier (which could impact rebates), and also require an auditing entity to receive permission from the DOI Commissioner as well as provide notice to a pharmacy before conducting an audit based on FWA. Prime has been working with BCBSAL, PCMA and has spoken with leadership in both the House and Senate (as well as the bill sponsor) about our concerns with this bill, and the feedback has been positive. There are no other bills at this time related to PBM, but we continue to monitor daily.

Illinois: IL has several bills in both the House and Senate impacting PBMs. Several bills are looking to limit or ban parts or all of Utilization Management, and another looking to freeze formularies. We have worked (and continue to work with the bill sponsors on those bills) and some do not look to be moving forward this session but will continue to work with both chambers on the other bills to limit impact (should they move forward). There are two major bills (HB 4548 and HB 5395) currently that Prime, PCMA, and the plans have been actively opposing these bills through testimony and coalition advertisements, phone calls, and emails to legislators on the committees. HB 4548 is very similar to Alabama's HB 238. It bans spread pricing and has a NADAC + $10.49 dispensing fee. We have met with the bill sponsor on this bill, and plan on meeting again after the election to discuss our concerns further. HB 5395 is being pushed by the Governor through the IL DOI. The major issue with this bill is the banning of step therapy. Prime has been working with BCBSIL and PCMA on opposition to this bill. There was a public hearing this week (no vote), but the bill will be heard next week with a vote. There was testimony opposing the bill, and legislatures expressed concern but after speaking with a few House legislators, it does look like this bill will pass through committee. We are working with

DOI on how they define step therapy and will continue to work on the language of this bill with them.

North Carolina: The short session starts in late April, but we (Prime and PCMA) have had several meetings with the Health Committee on healthcare costs (specifically prescription drug costs). The meetings have been very productive, and while we expect a PBM bill this session, key legislators are well-versed in the impacts of the legislation and understand the value of the services PBMs provide.

New Jersey: A common theme in New Jersey is opposition to Utilization Management (both PA and ST). We were able to negotiate a bill last year (A.1255), which should have limited more bills regarding PA and ST, but that is not the case. We are working with Horizon and PCMA in opposition to these bills. We recently worked with PCMA on language in opposition to HB 1825. While well-intentioned, the bill is extremely broad in what would be allowed as an exception to step therapy. We will continue to work with the sponsor on this bill should it move forward to include more acceptable language.

Oklahoma: Oklahoma has introduced more than 40 bills impacting PBMs. As far as hearing them in committee and moving forward, it has now been narrowed down to 13 bills. These bills include reimbursement, audits, alternative funding, fiduciary responsibility, 340B, cause of action and prior authorization. Prime, PCMA, and BCBSOK have been able to remove applicability to prescription drugs in one of the PA bills and work with the sponsor on the other one. We are also working with members in the House and Senate to address our concerns with the other bills. We have had very productive conversations with the AG's office on some of our concerns regarding two specific bills (SB 1390 and SB 1670). SB 1390 addresses the Attorney General's authority with oversight of PBMs. The AG's office was very receptive to that feedback. SB 1670 had some troubling language, and the AG's office has considered our suggestions regarding the AG-specific language in that bill, however, the existing language regarding audits, drug shortages, and reimbursement is still troubling. We are having continued conversations with the sponsor of that bill and will be enacting a campaign against that bill next week (should it be needed).

Florida
Florida completed its 2024 legislative session on March 8th. This year's session was favorable for PBM with no impactful passed legislation. Several pieces of legislation impacting pharmacies and health plans passed related to the *Florida Live Healthy* initiative championed by Senator Kathleen Passidomo (R-Naples), Senator Colleen Burton (R-Lakeland), and Senator Gayle Harrell (R-Stuart). The Live Healthy package aimed to grow Florida's healthcare workforce, increase access, and incentivize innovation.

Kansas
We are monitoring nine bills ranging in topics from PBM transparency, and prior authorization use, to 340B parity. None of the bills have made notable movement through committees so we continue to monitor. Prime has engaged in stakeholder calls held by the Board of Pharmacy regarding introduced white bagging legislation. We have made progress on favorable revisions, such as the removal of brown bagging, but we continue to engage with the board to work through all remaining concerns.

Minnesota
MN HF 3578/ SF 3532 set prior authorization limitations that are broader and more restrictive than we have seen introduced in any other state. Prime has testified in opposition at every committee hearing and participated in trade association meetings with the bill House and Senate sponsors. Several other prior authorization bills have been introduced but have not received hearings. Additionally, Prime has participated in advocacy efforts in opposition to multiple co-pay accumulator bills. We have been successful in having the copay accumulator language removed from the House version of the bill but continue to work on the Senate bill.

Nebraska
In the first few weeks of the session, we saw bills introduced that make changes to the PBM Licensure and Regulation Act, require actual cost reimbursement for pharmacies, establish a Prescription Drug Affordability Board (PDAB) tasked with setting drug upper payment limits (UPL), and a bill that would set co-pay caps on epinephrine auto-injectors and asthma inhalers. None of the bills were made a session priority - and will likely not be enacted into law this session. We are monitoring the bills that were set as priorities for any revisions that impact PBMs.

Pennsylvania
The Pennsylvania Senate introduced SB 1000 which prohibits effective rate contracting, patient steering, and spread pricing. The definition of patient steering expands beyond the standard definition and impacts all restricted networks. Prime is actively opposing this legislation through ongoing meetings with legislators.

Rhode Island
The 2024 Rhode Island session has been busy with 36 anti-PBM bills introduced covering a variety of topics. Prime has been actively opposing all impactful bills by submitting testimony and engaging with our trade association, PCMA. We continue to work through advocacy efforts through testimony and meetings with legislators.

Republican and Democratic Governors Associations
Prime Therapeutics is a newly minted member of the Democratic and Republican Governors Associations and as such will be attending various meetings throughout this year to educate on the value that PBMs provide. We will also be looking for opportunities for leadership to participate in relevant panel discussions. Caitlin Berry and Dr. LuGina Mendez-Harper will be the primary points of contact for Prime on state drug pricing policy with these organizations.