

# **WEST VIRGINIA LEGISLATURE**

**2026 REGULAR SESSION**

**Committee Substitute**

**for**

**House Bill 5430**

By Delegates Worrell and Petitto

[Originating in the Committee on Health and Human  
Resources; Reported on February 16, 2026]

1 A BILL to amend and reenact §5-16-9, §33-51-3, and §33-51-9 of the Code of West Virginia, 1931,  
2 as amended; and to amend the code by adding two new sections, designated §9-5-34 and  
3 §33-51-14, relating to pharmaceutical benefits; making the Public Employees Insurance  
4 Agency subject the Pharmacy audit Integrity Act; defining terms; limiting amounts charged  
5 by pharmacy benefit managers; prohibiting certain pharmacy benefit manager contracts;  
6 requiring implementation of a pharmacy cost containment tool; requiring a study; and  
7 requiring a report.

*Be it enacted by the Legislature of West Virginia:*

**CHAPTER 5. GENERAL POWERS AND AUTHORITY OF THE  
GOVERNOR, SECRETARY OF STATE AND ATTORNEY GENERAL;  
BOARD OF PUBLIC WORKS; MISCELLANEOUS AGENCIES,  
COMMISSIONS, OFFICES, PROGRAMS, ETC.**

**ARTICLE 16. WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE ACT**

**§5-16-9. Authorization to execute contracts.**

1 (a) The director is given exclusive authorization to execute such contract or contracts as  
2 are necessary to carry out the provisions of this article.

3 (b) The provisions of §5A-3-1 *et seq.* of this code, relating to the Division of Purchasing of  
4 the Department of Finance and Administration, shall not apply to any contracts for any insurance  
5 coverage or professional services authorized to be executed under the provisions of this article.  
6 Before entering into any contract for any insurance coverage, as authorized in this article, the  
7 director shall invite competent bids from all qualified and licensed insurance companies or carriers  
8 that may wish to offer plans for the insurance coverage desired. The director shall negotiate and  
9 contract directly with health care providers and other entities, organizations, and vendors in order  
10 to secure competitive premiums, prices, and other financial advantages. The director shall deal

11 directly with insurers or health care providers and other entities, organizations, and vendors in  
12 presenting specifications and receiving quotations for bid purposes. No commission or finder's  
13 fee, or any combination thereof, shall be paid to any individual or agent: *Provided*, That this shall  
14 not preclude an underwriting insurance company or companies, at their own expense, from  
15 appointing a licensed resident agent within this state to service the companies' contracts awarded  
16 under the provisions of this article. Commissions reasonably related to actual service rendered for  
17 the agent or agents may be paid by the underwriting company or companies. In no event shall  
18 payment be made to any agent or agents when no actual services are rendered or performed. The  
19 director shall award the contract or contracts on a competitive basis. In awarding the contract or  
20 contracts, the director shall consider the experience of the offering agency, corporation, insurance  
21 company, or service organization in the group hospital and surgical insurance field, group major  
22 medical insurance field, group prescription drug field, and group life and accidental death  
23 insurance field, and its facilities for the handling of claims. In evaluating these factors, the director  
24 may employ the services of impartial, professional insurance analysts or actuaries, or both. Any  
25 contract executed by the director with a selected carrier shall be a contract to govern all eligible  
26 employees subject to the provisions of this article. Nothing contained in this article shall prohibit  
27 any insurance carrier from soliciting employees covered hereunder to purchase additional hospital  
28 and surgical, major medical, or life and accidental death insurance coverage.

29 (c) The director may authorize the carrier with whom a primary contract is executed to  
30 reinsure portions of the contract with other carriers which elect to be a reinsurer and who are  
31 legally qualified to enter into a reinsurance agreement under the laws of this state.

32 (d) Each employee who is covered under any contract or contracts shall receive a  
33 statement of benefits to which the employee, his or her spouse, and his or her dependents are  
34 entitled under the contract, setting forth the information as to whom the benefits are payable, to  
35 whom claims shall be submitted, and a summary of the provisions of the contract or contracts as  
36 they affect the employee, his or her spouse, and his or her dependents.

37 (e) The director may at the end of any contract period discontinue any contract or contracts  
38 it has executed with any carrier and replace the same with a contract or contracts with any other  
39 carrier or carriers meeting the requirements of this article.

40 (f) The director shall include language in all contracts for pharmacy benefits management,  
41 as defined by §33-51-3 of this code, requiring the pharmacy benefit manager to report quarterly to  
42 the agency the following:

43 (1) The overall total amount charged to the agency for all claims processed by the  
44 pharmacy benefit manager during the quarter;

45 (2) The overall total amount of reimbursements paid to pharmacy providers during the  
46 quarter;

47 (3) The overall total number of claims in which the pharmacy benefits manager reimbursed  
48 a pharmacy provider for less than the amount charged to the agency for all claims processed by  
49 the pharmacy benefit manager during the quarter; and

50 (4) For all pharmacy claims, the total amount paid to the pharmacy provider per claim,  
51 including, but not limited to, the following:

52 (A) The cost of drug reimbursement;

53 (B) Dispensing fees;

54 (C) Copayments;

55 (D) The amount charged to the agency for each claim by the pharmacy benefit manager;

56 (E) Date of service;

57 (F) NDC-11;

58 (G) Drug name;

59 (H) Drug strength;

60 (I) Quantity;

61 (J) Days of therapy;

62 (K) Rx count;

- 63 (L) Mail/retail code;
- 64 (M) Brand/generic indicator;
- 65 (N) Specialty drug indicator;
- 66 (O) Compound indicator;
- 67 (P) Formulary indicator;
- 68 (Q) Gross cost;
- 69 (R) Member cost;
- 70 (S) Plan cost;
- 71 (T) Dispense as written;
- 72 (U) Pharmacy NPI number;
- 73 (V) Pharmacy Claim ID;
- 74 (W) Prescriber NPI number;
- 75 (X) Pharmacy name; and
- 76 (Y) Ingredient cost.

77 In the event there is a difference between the amount for any pharmacy claim paid to the  
78 pharmacy provider and the amount reimbursed to the agency, the pharmacy benefit manager shall  
79 report an itemization of all administrative fees, rebates, or processing charges associated with the  
80 claim. The director shall provide an annual report to the Joint Committee on Health detailing the  
81 information required by this section, including any difference or spread between the overall  
82 amount paid by pharmacy benefit managers to the pharmacy providers and the overall amount  
83 charged to the agency for each claim by the pharmacy benefit manager. To the extent necessary,  
84 the director shall use aggregated, nonproprietary data only: *Provided*, That the director must  
85 provide a clear and concise summary of the total amounts charged to the agency and reimbursed  
86 to pharmacy providers on an annual basis.

87 (g) If the information required herein is not provided, the agency may terminate the contract  
88 with the pharmacy benefit manager and the Office of the Insurance Commissioner shall discipline

89 the pharmacy benefit manager as provided in §33-51-8(e) of this code.

90 (h) The Public Employees Insurance Agency shall contract with networks to provide care  
91 to its members out of state.

92 (i) The Public Employees Insurance Agency shall require each of the following in its  
93 requests for proposals and contracts with a pharmacy benefit manager:

94 (1) The pharmacy benefit manager shall disclose all information and data related to  
95 contracting, reimbursement, networks, rebates, fees, and any other information and data  
96 requested by the Public Employees Insurance Agency, the Legislature, and vendors for the  
97 purpose of performing study and analysis. ~~Effective with the changes made to this section during  
98 the regular session of the Legislature, 2024, a comprehensive pharmacy business intelligence  
99 study and analysis shall be conducted by an organization with expertise in studying and analyzing  
100 pharmacy benefit managers to determine what, if any, changes could be made to facilitate savings  
101 with respect to the Public Employees Insurance Agency's pharmacy benefit manager services. A  
102 final report, including recommendations, shall be presented no later than December 31, 2024, to  
103 the Public Employees Insurance Agency and the Joint Committee on Government and Finance.~~

104 (2) A pharmacy benefit manager shall not reimburse a West Virginia pharmacy or  
105 pharmacist for a prescription drug or pharmacy service in an amount less than the national  
106 average drug acquisition cost for a prescription drug or pharmacy service at the time the drug is  
107 administered or dispensed, plus a professional dispensing fee at least equal to the professional  
108 dispensing fee paid by West Virginia Medicaid for outpatient drugs. Increases to the professional  
109 dispensing fee may be set by the Director in accordance with this subdivision: Provided, That if the  
110 national average drug acquisition cost is not available at the time a drug is administered or  
111 dispensed, a pharmacy benefit manager may not reimburse a West Virginia pharmacy or  
112 pharmacist in an amount that is less than the wholesale acquisition cost of the drug, as defined in  
113 42 U.S.C. § 1395w-3a(c)(6)(B), plus a dispensing fee as described in this subdivision. A West  
114 Virginia pharmacy is a domestic business entity as registered with the West Virginia Secretary of

115 State. The provisions in this subdivision shall be effective for the Public Employees Insurance  
116 Agency plan year beginning on July 1, 2024.

117 (j) The Public Employees Insurance Agency may not contract for pharmacy benefits  
118 management services with a pharmacy benefit manager if the pharmacy benefit manager owns  
119 pharmacies licensed in West Virginia or has affiliate pharmacies licensed in West Virginia, as  
120 "affiliate" is defined in §33-51-3 of this code.

121 (k) The Public Employees Insurance Agency may not contract for pharmacy benefits  
122 management services with a pharmacy benefit manager without the pharmacy benefits manager  
123 being subject to the requirements of §33-51-1 et seq. of this code and the jurisdiction of the Office  
124 of the Insurance Commissioner.

125 (l) By July 1, 2026, the Public Employees Insurance Agency shall contract with and  
126 implement a pharmacy cost containment tool that actively engages prescribing providers by  
127 presenting information related to lowest net cost pharmaceutical decisions and related to  
128 reductions to polypharmacy rates, if clinically reviewed and appropriate.

129 (1) The vendor managing this service shall be separate and distinct from any pharmacy  
130 benefit management contract that any state agency may have in the management of the  
131 pharmacy benefit.

132 (2) The vendor shall work with the Public Employees Insurance Agency to ensure that the  
133 net lowest cost outcome is achieved, including calculation of drug manufacturer rebates and other  
134 considerations that may be offered to the state.

135 (3) Prescribing providers engaged by the vendor are not required to modify their  
136 prescribing based on the information presented pursuant to this subsection.

137 (4) The pharmacy cost containment tool contract shall contain provisions guaranteeing the  
138 state an itemized monthly activity and savings report and a total net savings guarantee related to  
139 all expenditures and fees for the pharmacy cost containment service.

## CHAPTER 9. HUMAN SERVICES.

### ARTICLE 5. MISCELLANEOUS PROVISIONS.

#### §9-5-34. Medicaid pharmacy benefit management; prohibited contracting; pharmacy cost containment tool.

1           (a) For purposes of this section, "pharmacy benefit manager" and "affiliate" have the  
2 meanings ascribed to those terms in §33-51-3 of this code.

3           (b) To the extent that Medicaid has a pharmacy benefit manager managing its pharmacy  
4 contract, that pharmacy benefit manager may not reimburse a pharmacy or pharmacist for a  
5 prescription drug or pharmacy service in an amount less than the amount the pharmacy benefit  
6 manager reimburses itself or an affiliate for the same prescription drug or pharmacy service.

7           (c) By July 1, 2026, the Medicaid program shall contract with and implement a pharmacy  
8 cost containment tool that actively engages prescribing providers by presenting information  
9 related to lowest net cost pharmaceutical decisions and related to reductions to polypharmacy  
10 rates, if clinically reviewed and appropriate.

11           (1) The vendor managing this service shall be separate and distinct from any pharmacy  
12 benefit management contract that any state agency may have in the management of the  
13 pharmacy benefit.

14           (2) The vendor shall work with the state agency to ensure that the net lowest cost outcome  
15 is achieved, including calculation of drug manufacturer rebates and other considerations that may  
16 be offered to the state.

17           (3) Prescribing providers engaged by the vendor are not required to modify their  
18 prescribing based on the information presented pursuant to this subsection.

19           (4) The pharmacy cost containment tool contract shall contain provisions guaranteeing the  
20 state an itemized monthly activity and savings report and a total net savings guarantee related to  
21 all expenditures and fees for the pharmacy cost containment service.

## CHAPTER 33. INSURANCE.

### ARTICLE 51. PHARMACY AUDIT INTEGRITY ACT.

#### §33-51-3. Definitions.

1 For purposes of this article:

2 "340B entity" means an entity participating in the federal 340B drug discount program, as  
3 described in 42 U.S.C. § 256b, including its pharmacy or pharmacies, or any pharmacy or  
4 pharmacies, contracted with the participating entity to dispense drugs purchased through such  
5 program.

6 "Affiliate" means a pharmacy, pharmacist, or pharmacy technician which, either directly or  
7 indirectly through one or more intermediaries: (A) Has an investment or ownership interest in a  
8 pharmacy benefits manager licensed under this chapter; (B) Shares common ownership with a  
9 pharmacy benefits manager licensed under this chapter; or (C) Has an investor or ownership  
10 interest holder which is a pharmacy benefits manager licensed under this article.

11 "Auditing entity" means a person or company that performs a pharmacy audit, including a  
12 pharmacy benefits manager, managed care organization, or third-party administrator.

13 "Business day" means any day of the week excluding Saturday, Sunday, and any legal  
14 holiday as set forth in §2-2-1 of this code.

15 "Claim level information" means data submitted by a pharmacy or required by a ~~payer~~  
16 payer or claims processor to adjudicate a claim.

17 "Covered individual" means a member, participant, enrollee, or beneficiary of a health  
18 benefit plan who is provided health ~~care service~~ coverage by a health benefit plan, including a  
19 dependent or other person provided health coverage through the policy or contract of a covered  
20 individual.

21 "Extrapolation" means the practice of inferring a frequency of dollar amount of  
22 overpayments, underpayments, nonvalid claims, or other errors on any portion of claims

23 submitted, based on the frequency of dollar amount of overpayments, underpayments, nonvalid  
24 claims, or other errors actually measured in a sample of claims.

25 "Defined cost sharing" means a deductible payment or coinsurance amount imposed on  
26 an enrollee for a covered prescription drug under the enrollee's health plan.

27 "Group Purchasing Organization" or "GPO" is an entity that purchases, arranges for or  
28 negotiates the purchase of covered drugs, devices, biologicals, or medical supplies for a group of  
29 individuals or entities, but not solely for use by the entity itself.

30 "Health benefit plan" or "health plan" means a policy, contract, certificate, or agreement  
31 entered into, offered, or issued by a health carrier to provide, deliver, arrange for, pay for, or  
32 reimburse any of the costs of health care services.

33 "Health care payor" or "payor" means a health insurance company, a health maintenance  
34 organization, a hospital, medical, or dental corporation, a health care corporation, an entity that  
35 provides, administers, or manages a self-funded health benefit plan, including a governmental  
36 plan, or any other payor that provides prescription drug coverages, including a workers'  
37 compensation insurer. Health care payor does not include an insurer that provides coverage under  
38 a policy of casualty or property insurance.

39 "Health care provider" has the same meaning as defined in §33-41-2 of this code.

40 "Health insurance policy" means a policy, subscriber contract, certificate, or plan that  
41 provides prescription drug coverage. The term includes both comprehensive and limited benefit  
42 health insurance policies.

43 "Insurance commissioner" or "commissioner" has the same meaning as defined in §33-1-5  
44 of this code.

45 "List Price" means the drug manufacturer's price for a drug to wholesalers or direct  
46 purchasers in the United States, not including prompt pay or other discounts, rebates, or  
47 reductions in price, as reported in wholesale price guides or other publications of drug pricing data.

48 "Network" means a pharmacy or group of pharmacies that agree to provide prescription  
49 services to covered individuals on behalf of a health benefit plan in exchange for payment for its  
50 services by a pharmacy benefits manager or pharmacy services administration organization. The  
51 term includes a pharmacy that generally dispenses outpatient prescriptions to covered individuals  
52 or dispenses particular types of prescriptions, provides pharmacy services to particular types of  
53 covered individuals or dispenses prescriptions in particular health care settings, including  
54 networks of specialty, institutional or long-term care facilities.

55 "Maximum allowable cost" means the per unit amount that a pharmacy benefits manager  
56 reimburses a pharmacist for a prescription drug, excluding dispensing fees and copayments,  
57 coinsurance, or other cost-sharing charges, if any.

58 "National average drug acquisition cost" means the monthly survey of retail pharmacies  
59 conducted by the federal Centers for Medicare and Medicaid Services to determine average  
60 acquisition cost for Medicaid covered outpatient drugs.

61 "Nonproprietary drug" means a drug containing any quantity of any controlled substance or  
62 any drug which is required by any applicable federal or state law to be dispensed only by  
63 prescription.

64 "Pharmacist" means an individual licensed by the West Virginia Board of Pharmacy to  
65 engage in the practice of pharmacy.

66 "Pharmacy" means any place within this state where drugs are dispensed and pharmacist  
67 care is provided.

68 "Pharmacy audit" means an audit, conducted by or on behalf of an auditing entity of any  
69 records of a pharmacy for prescription or nonproprietary drugs dispensed by a pharmacy to a  
70 covered individual.

71 "Pharmacy benefits management" means the performance of any of the following:

72 (1) The procurement of prescription drugs at a negotiated contracted rate for dispensation  
73 within the state of West Virginia to covered individuals;

74 (2) The administration or management of prescription drug benefits provided by a health  
75 benefit plan for the benefit of covered individuals;

76 (3) The administration of pharmacy benefits, including:

77 (A) Operating a mail-service pharmacy;

78 (B) Claims processing;

79 (C) Managing a retail pharmacy network;

80 (D) Paying claims to a pharmacy for prescription drugs dispensed to covered individuals  
81 via retail or mail-order pharmacy;

82 (E) Developing and managing a clinical formulary including utilization management and  
83 quality assurance programs;

84 (F) Rebate contracting administration; and

85 (G) Operating a rebate GPO; or

86 (H) Managing a patient compliance, therapeutic intervention, and generic substitution  
87 program.

88 "Pharmacy benefits manager" means a person, business, or other entity that performs  
89 pharmacy benefits management for health benefit plans;

90 "Pharmacy record" means any record stored electronically or as a hard copy by a  
91 pharmacy that relates to the provision of prescription or nonproprietary drugs or pharmacy  
92 services or other component of pharmacist care that is included in the practice of pharmacy.

93 "Pharmacy services administration organization" means any entity that contracts with a  
94 pharmacy to assist with ~~payer~~ third-party payer interactions and that may provide a variety of other  
95 administrative services, including contracting with pharmacy benefits managers on behalf of  
96 pharmacies and managing pharmacies' claims payments from ~~payors~~ third-party payers.

97 "Point-of-sale fee" means all or a portion of a drug reimbursement to a pharmacy or other  
98 dispenser withheld at the time of adjudication of a claim for any reason.

99 "Rebate" means any and all payments that accrue to a pharmacy benefits manager or its  
100 health plan client, directly or indirectly, from a pharmaceutical manufacturer, including, but not  
101 limited to, discounts, administration fees, credits, incentives, or penalties associated directly or  
102 indirectly in any way with claims administered on behalf of a health plan client. The term "rebate"  
103 does not include any discount or payment that may be provided to or made to any 340B entity  
104 through such program.

105 "Rebate GPO" means a GPO that negotiates for rebates off of list price of prescription  
106 drugs for its participants.

107 "Retroactive fee" means all or a portion of a drug reimbursement to a pharmacy or other  
108 dispenser recouped or reduced following adjudication of a claim for any reason, except as  
109 otherwise permissible as described in this article.

110 "Specialty drug" means a drug used to treat chronic and complex, or rare medical  
111 conditions and requiring special handling or administration, provider care coordination, or patient  
112 education that cannot be provided by a non-specialty pharmacy or pharmacist.

113 "Third party" means any insurer, health benefit plan for employees which provides a  
114 pharmacy benefits plan, a participating public agency which provides a system of health insurance  
115 for public employees, their dependents and retirees, or any other insurer or organization that  
116 provides health coverage, benefits, or coverage of prescription drugs as part of workers'  
117 compensation insurance in accordance with state or federal law. The term does not include an  
118 insurer that provides coverage under a policy of casualty or property insurance.

**§33-51-9. Regulation of pharmacy benefit managers.**

1 (a) A pharmacy, a pharmacist, and a pharmacy technician shall have the right to provide a  
2 covered individual with information related to lower cost alternatives and cost share for the  
3 covered individual to assist health care consumers in making informed decisions. Neither a  
4 pharmacy, a pharmacist, nor a pharmacy technician may be penalized by a pharmacy benefit  
5 manager for discussing information in this section or for selling a lower cost alternative to a

6 covered individual, if one is available, without using a health insurance policy.

7 (b) A pharmacy benefit manager may not collect from a pharmacy, a pharmacist, or a  
8 pharmacy technician a cost share charged to a covered individual that exceeds the total submitted  
9 charges by the pharmacy or pharmacist to the pharmacy benefit manager.

10 (c) A pharmacy benefit manager that reimburses a 340B entity for drugs that are subject to  
11 an agreement under 42 U.S.C. § 256b shall not reimburse the 340B entity for pharmacy-  
12 dispensed drugs at a rate lower than that paid for the same drug to pharmacies similar in  
13 prescription volume that are not 340B entities, and shall not assess any fee, charge-back, or other  
14 adjustment upon the 340B entity on the basis that the 340B entity participates in the program set  
15 forth in 42 U.S.C. §256b. For purposes of this subsection, the term "other adjustment" includes  
16 placing any additional requirements, restrictions, or unnecessary burdens upon the 340B entity  
17 that results in administrative costs or fees to the 340B entity that are not placed upon other  
18 pharmacies that do not participate in the 340B program, including affiliate pharmacies of the  
19 pharmacy benefit manager, and further includes but is not limited to requiring a claim for a drug to  
20 include a modifier or be processed or resubmitted to indicate that the drug is a 340B  
21 drug: *Provided*, That nothing in this subsection shall be construed to prohibit the Medicaid  
22 program or a Medicaid managed care organization as described in 42 U.S.C. § 1396b(m) from  
23 preventing duplicate discounts as described in 42 U.S.C. 256b(a)(5)(A)(i). The provisions of this  
24 subsection are applicable to the West Virginia Public Employees Insurance Agency.

25 (d) With respect to a patient eligible to receive drugs subject to an agreement under 42  
26 U.S.C. § 256b, a pharmacy benefit manager shall not discriminate against a 340B entity in a  
27 manner that prevents or interferes with the patient's choice to receive such drugs from the 340B  
28 entity: *Provided*, That this section, does not apply to the state Medicaid program when Medicaid is  
29 providing reimbursement for covered outpatient drugs, as that term is defined in 42 U.S.C. §1396r-  
30 8(k), on a fee-for-service basis: *Provided, however*, That this subsection does apply to a Medicaid-  
31 managed care organization as described in 42 U.S.C. § 1396b(m). For purposes of this

32 subsection, it shall be considered a discriminatory practice that prevents or interferes with a  
33 patient's choice to receive drugs at a 340B entity if a pharmacy benefit manager places additional  
34 requirements, restrictions or unnecessary burdens upon a 340B entity that results in  
35 administrative costs or fees to the 340B entity that are not placed upon other pharmacies that do  
36 not participate in the 340B program, including affiliate pharmacies of the pharmacy benefit  
37 manager or any other third-party, and further includes but is not limited to requiring a claim for a  
38 drug to include a modifier or be processed or resubmitted to indicate that the drug is a 340B  
39 drug: *Provided further*, That nothing in this subsection shall be construed to prohibit the Medicaid  
40 program or a Medicaid managed care organization as described in 42 U.S.C. § 1396b(m) from  
41 preventing duplicate discounts as described in 42 U.S.C. 256b(a)(5)(A)(i). The provisions of this  
42 subsection are applicable to the West Virginia Public Employees Insurance Agency.

43 (e) A pharmacy benefit manager may not reimburse a pharmacy or pharmacist for a  
44 prescription drug or pharmacy service in an amount less than the national average drug  
45 acquisition cost for the prescription drug or pharmacy service at the time the drug is administered  
46 or dispensed, plus a professional dispensing fee of \$10.49: *Provided*, That if the national average  
47 drug acquisition cost is not available at the time a drug is administered or dispensed, a pharmacy  
48 benefit manager may not reimburse in an amount that is less than the wholesale acquisition cost of  
49 the drug, as defined in 42 U.S.C. § 1395w-3a(c)(6)(B), plus a professional dispensing fee of  
50 \$10.49.

51 (f) A pharmacy benefit manager may not reimburse a pharmacy or pharmacist for a  
52 prescription drug or pharmacy service in an amount less than the amount the pharmacy benefit  
53 manager reimburses itself or an affiliate for the same prescription drug or pharmacy service.

54 (g)The commissioner may order reimbursement to an insured, pharmacy, or dispenser  
55 who has incurred a monetary loss as a result of a violation of this article or legislative rules  
56 implemented pursuant to this article.

57 (h) (1) Any methodologies utilized by a pharmacy benefits manager in connection with

58 reimbursement shall be filed with the commissioner at the time of initial licensure and at any time  
59 thereafter that the methodology is changed by the pharmacy benefit manager for use in  
60 determining maximum allowable cost appeals. The methodologies are not subject to disclosure  
61 and shall be treated as confidential and exempt from disclosure under the West Virginia Freedom  
62 of Information Act §29B-1-4(a)(1) of this code. The filed methodologies shall comply with the  
63 provisions of §33-51-9(e) of this code, and a pharmacy benefits manager shall not enter into a  
64 contract with a pharmacy that provides for reimbursement methodology not permissible under the  
65 provisions of §33-51-9(e) of this code.

66 (2) For purposes of complying with the provisions of §33-51-9(e) of this code, a pharmacy  
67 benefits manager shall utilize the most recently published monthly national average drug  
68 acquisition cost as a point of reference for the ingredient drug product component of a pharmacy's  
69 reimbursement for drugs appearing on the national average drug acquisition cost list; and,

70 (i) A pharmacy benefits manager may not:

71 (1) Discriminate in reimbursement, assess any fees or adjustments, or exclude a  
72 pharmacy from the pharmacy benefit manager's network on the basis that the pharmacy  
73 dispenses drugs subject to an agreement under 42 U.S.C. § 256b; or

74 (2) Engage in any practice that:

75 (A) In any way bases pharmacy reimbursement for a drug on patient outcomes, scores, or  
76 metrics. This does not prohibit pharmacy reimbursement for pharmacy care, including dispensing  
77 fees from being based on patient outcomes, scores, or metrics so long as the patient outcomes,  
78 scores, or metrics are disclosed to and agreed to by the pharmacy in advance;

79 (B) Includes imposing a point-of-sale fee or retroactive fee; or

80 (C) Derives any revenue from a pharmacy or insured in connection with performing  
81 pharmacy benefits management services: *Provided*, That this may not be construed to prohibit  
82 pharmacy benefits managers from processing deductibles or copayments as have been approved  
83 by a covered individual's health benefit plan.

84 ~~(j) A pharmacy benefits manager shall offer a health plan the option of charging such~~  
85 ~~health plan the same price for a prescription drug as it pays a pharmacy for the prescription drug. A~~  
86 ~~pharmacy benefits manager may not charge a health care payor or health benefit plan an amount~~  
87 ~~greater than the national average drug acquisition cost, if available, for prescription drugs. If the~~  
88 ~~national average drug acquisition cost is not available, a pharmacy benefits manager may not~~  
89 ~~charge a health care payor or health benefit plan an amount greater than the amount paid to the~~  
90 ~~pharmacy: *Provided*, That a pharmacy benefits manager shall charge a health benefit plan~~  
91 ~~administered by or on behalf of the state or a political subdivision of the state, the same price for a~~  
92 ~~prescription drug as it pays a pharmacy for the prescription drug.~~

93 (k) A covered individual's defined cost sharing for each prescription drug shall be  
94 calculated at the point of sale based on a price that is reduced by an amount equal to at least 100  
95 percent of all rebates received, or to be received, in connection with the dispensing or  
96 administration of the prescription drug. Any rebate over and above the defined cost sharing would  
97 then be passed on to the health plan to reduce premiums. Nothing precludes an insurer from  
98 decreasing a covered individual's defined cost sharing by an amount greater than what is  
99 previously stated. The commissioner may propose a legislative rule or by policy effectuate the  
100 provisions of this subsection.

101 (l) A pharmacy benefit manager may not utilize, participate in or own any part of a group  
102 purchasing organization for purposes of avoiding the requirements of this article.

**§33-51-14. Pharmacy dispensing fee study.**

1 The Office of the Insurance Commissioner shall conduct a study of the cost to dispense  
2 outpatient prescription drugs in West Virginia by soliciting data and relevant information from  
3 licensed pharmacies and analyzing similar studies conducted in surrounding states within the  
4 previous two years.

5 The study shall be completed and submitted to the Legislative Oversight Commission on  
6 Health and Human Resources Accountability and the Joint Standing Committee on Insurance and

7 PEIA by December 1, 2026, and biennially thereafter. The study and a final report shall be  
8 presented by the Office of the Insurance Commissioner to the Legislative Oversight Commission  
9 on Health and Human Resources Accountability and the Joint Standing Committee on Insurance  
10 and PEIA on or before January 15, 2027, and biennially thereafter.

NOTE: The purpose of this bill is to is to regulate pharmacy benefit managers and state pharmacy purchasing by requiring an annual pharmacy dispensing fee study, limiting amounts charged by pharmacy benefit managers, prohibiting certain pharmacy benefit manager contracts with West Virginia Medicaid and the West Virginia Public Employees Insurance Agency, and requiring implementation of a pharmacy cost containment tool.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.