

The Senate Committee on Insurance and Labor offered the following substitute to HB 196:

A BILL TO BE ENTITLED
AN ACT

1 To amend Part 1 of Article 1 of Chapter 18 of Title 45 of the Official Code of Georgia
2 Annotated, relating to state employees' health insurance plan, so as to require that drugs
3 dispensed to a covered person for self-administration under a state health plan be reimbursed
4 using a transparent, index based price, plus a dispensing fee; to provide for enforcement
5 authority by the Commissioner of Insurance; to provide for definitions; to provide for related
6 matters; to repeal conflicting laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Part 1 of Article 1 of Chapter 18 of Title 45 of the Official Code of Georgia Annotated,
10 relating to state employees' health insurance plan, is amended by adding a new Code section
11 to read as follows:

12 "45-18-22.

13 (a) As used in this Code section, the term:

14 (1) 'Independent pharmacy' means an entity contracted with the PBM pursuant to an
15 agreement with a single retail pharmacy, or is contracted with the PBM through a
16 pharmacy services administrative organization.

17 (2) 'Insurer' means a corporation licensed to transact accident and sickness or major
18 medical insurance business in this state, a healthcare corporation, a health maintenance
19 organization, a pharmacy benefits manager, or any other entity that provides healthcare
20 coverage or services pursuant to a state health plan. Such term shall not include any
21 licensed group model health maintenance organization with an exclusive medical group
22 contract and which operates its own pharmacies which are licensed under Code
23 Section 26-4-110.

24 (3) 'National average drug acquisition cost' means the monthly survey of retail
25 pharmacies conducted by the federal Centers for Medicare and Medicaid Services to
26 determine average acquisition cost for Medicaid covered outpatient drugs.

27 (4) 'Pharmacy' means a pharmacy or pharmacist licensed or holding a nonresident
28 pharmacy permit pursuant to Chapter 4 of Title 26.

29 (5) 'Pharmacy benefits manager' or 'PBM' means a person, business entity, or other entity
30 that performs pharmacy benefits management as such term is defined in Chapter 64 of
31 Title 33. The term 'pharmacy benefits manager' includes a person or entity acting for a
32 pharmacy benefits manager in a contractual or employment relationship in the
33 performance of pharmacy benefits management for a health plan, including operating or
34 administering a prescription card or prescription discount program directly or on behalf
35 of a pharmacy benefits manager or insurer for covered persons for drugs not covered or
36 being reimbursed by the covered person's pharmacy benefits manager or health plan.
37 Such term shall not include services provided by pharmacies operating under a hospital
38 pharmacy license. Such term shall not include health systems while providing pharmacy
39 services for their patients, employees, or beneficiaries, for indigent care, or for the
40 provision of drugs for outpatient procedures. Such term shall not include services
41 provided by pharmacies affiliated with a facility licensed under Code Section 31-44-4 or
42 a licensed group model health maintenance organization with an exclusive medical group

43 contract and which operates its own pharmacies which are licensed under Code
44 Section 26-4-110.

45 (6) 'State health plan' means:

46 (A) The state employees' health insurance plan established pursuant to this article;

47 (B) The health insurance plan for public school teachers and the health insurance plan
48 for public school employees established pursuant to Subparts 2 and 3, respectively, of
49 Part 6 of Article 17 of Chapter 2 of Title 20; and

50 (C) The health benefit plan established for members, employees, and retirees of the
51 Board of Regents of the University System of Georgia pursuant to Code Section 31-2-4.

52 (b)(1) On and after January 1, 2026, an insurer shall reimburse a pharmacy for a drug
53 dispensed to a covered person for self-administration in the state health plan in an amount
54 equal to:

55 (A) The national average drug acquisition cost on the day of claim administration or,
56 if unavailable, a discounted percentage of the average wholesale price or wholesale
57 acquisition cost on the day of claim administration as determined by the state health
58 plan based on current competitive market rates or, if unavailable, the wholesale
59 acquisition cost; and

60 (B) A professional dispensing fee that is not less than \$10.50 for chain pharmacies and
61 \$11.50 for independent pharmacies.

62 (2) Nothing in this subsection shall prohibit a state health plan from authorizing
63 reimbursement by an insurer to a pharmacy for a drug or drugs in excess of but not lower
64 than the amount required pursuant to paragraph (1) of this subsection.

65 (c) An insurer shall not circumvent the requirements regarding pharmacy reimbursement
66 in this Code section in any manner, including without limitation by adjudicating claims
67 through a prescription drug discount card or program.

68 (d) The Commissioner of Insurance shall have enforcement authority over this Code
69 section and to take any other actions pursuant to any authority granted under Chapter 64

70 of Title 33, relating to the regulation and licensure of pharmacy benefits managers. Such
71 authority shall be in addition to any authority granted to the applicable state health plan
72 under contract or law."

73 **SECTION 2.**

74 All laws and parts of laws in conflict with this Act are repealed.