House of Representatives

General Assembly

File No. 916

January Session, 2025

Substitute House Bill No. 7192

House of Representatives, May 14, 2025

The Committee on Appropriations reported through REP. WALKER of the 93rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT IMPLEMENTING RECOMMENDATIONS OF THE BIPARTISAN DRUG TASK FORCE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective October 1, 2025*) (a) Any pharmacy benefits manager shall owe a fiduciary duty to any health carrier, as defined in section 38a-591a of the general statutes, or other health benefit plan sponsor.

(b) Any pharmacy benefits manager shall notify the health carrier or other health benefit plan sponsor, in writing, of any activity, policy or practice of such pharmacy benefits manager that directly or indirectly presents any conflict of interest with the duties imposed by this section.

(c) Any pharmacy benefits manager shall have an obligation of good faith and fair dealing in performing such pharmacy benefits manager's duties with all parties, including, but not limited to, a health carrier or other health benefit plan sponsor with whom such pharmacy benefits manager interacts in the performance of pharmacy benefit management

services.

(d) Notwithstanding any provision of title 38a of the general statutes and to the maximum extent permitted by applicable law, no contract entered into or amended after October 1, 2025, by a health carrier shall contain any provision that permits or requires any party to such contract to violate the fiduciary duty that such health carrier owes to such health carrier's covered persons.

(e) Any violation of the provisions of this section shall constitute a violation of sections 38a-815 to 38a-819, inclusive, of the general statutes.

(f) The Insurance Commissioner may adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to implement the provisions of this section.

Sec. 2. Section 38a-477cc of the general statutes is repealed and the following is substituted in lieu thereof (*Effective January 1, 2026*):

(a) No contract for pharmacy services entered into in the state between a health carrier, as defined in section 38a-591a, or pharmacy benefits manager, as defined in section 38a-479aaa, and a pharmacy or pharmacist shall:

(1) On and after January 1, 2018, contain a provision prohibiting or penalizing, including through increased utilization review, reduced payments or other financial disincentives, a pharmacist's disclosure to an individual purchasing prescription medication of information regarding:

(A) The cost of the prescription medication to the individual; or

(B) The availability of any therapeutically equivalent alternative medications or alternative methods of purchasing the prescription medication, including, but not limited to, paying a cash price, that are less expensive than the cost of the prescription medication to the individual; **[**and**]**

(2) On and after January 1, 2020, contain a provision permitting the health carrier or pharmacy benefits manager to recoup, directly or indirectly, from a pharmacy or pharmacist any portion of a claim that such health carrier or pharmacy benefits manager has paid to the pharmacy or pharmacist, unless such recoupment is permitted under section 38a-479iii or required by applicable law;

(3) On and after January 1, 2026, contain a provision permitting the pharmacy benefits manager to charge a health benefit plan in this state a contracted price for any pharmacy services that differs from the amount such pharmacy benefits manager, directly or indirectly, pays the pharmacy for such pharmacy services; and

(4) On and after January 1, 2026, contain a provision permitting the pharmacy benefits manager to charge a health benefit plan, directly or indirectly, a fee that is conditioned on the (A) wholesale acquisition cost or any other price metric for a prescription drug, (B) amount of savings, rebates or other fees charged, realized, collected by or generated based on the business practices of such pharmacy benefits manager, or (C) amount of premiums charged or cost-sharing requirements pursuant to such health benefit plan that are realized or collected by such pharmacy benefits manager from covered persons. For the purposes of this subdivision, "wholesale acquisition cost" means the price of a medication set by a pharmaceutical manufacturer in the United States when selling to a wholesaler.

(b) (1) On and after January 1, 2018, no health carrier or pharmacy benefits manager shall require an individual to make a payment at the point of sale for a covered prescription medication in an amount greater than the lesser of:

(A) The applicable copayment for such prescription medication;

(B) The allowable claim amount for the prescription medication; or

(C) The amount an individual would pay for the prescription medication if the individual purchased the prescription medication

without using a health benefit plan, as defined in section 38a-591a, or any other source of prescription medication benefits or discounts.

(2) For the purposes of this subsection, "allowable claim amount" means the amount the health carrier or pharmacy benefits manager has agreed to pay the pharmacy for the prescription medication.

(c) Any provision of a contract that violates the provisions of this section shall be void and unenforceable. Any general business practice that violates the provisions of this section shall constitute an unfair trade practice pursuant to chapter 735a. The invalidity or unenforceability of any contract provision under this subsection shall not affect any other provision of the contract.

(d) The Insurance Commissioner may:

(1) Enforce the provisions of this section pursuant to chapter 697; and

(2) Upon request, audit a contract for pharmacy services for compliance with the provisions of this section.

Sec. 3. Section 38a-479ttt of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

Not later than March 1, 2021, and annually thereafter, the commissioner shall prepare a report, for the immediately preceding calendar year, describing the rebate practices of health carriers. The report shall contain (1) an explanation of the manner in which health carriers accounted for rebates in calculating premiums for health care plans delivered, issued for delivery, renewed, amended or continued during such year, (2) a statement disclosing whether, and describing the manner in which, health carriers made rebates available to insureds at the point of purchase during such year, (3) any other manner in which health carriers applied rebates during such year, (4) the percentage of rebate dollars used by health carriers to reduce cost-sharing requirements during such year, (5) an evaluation of rebate practices to reduce cost-sharing for health care plans delivered, issued for delivery, renewed, amended or continued during such year, and **[**(4)**]** (6) such

other information as the commissioner, in the commissioner's discretion, deems relevant for the purposes of this section. The commissioner shall publish a copy of the report on the department's Internet web site.

Sec. 4. (NEW) (*Effective July 1, 2025*) (a) The Insurance Commissioner shall require any health carrier, as defined in section 38a-591a of the general statutes, to report to the commissioner annually on pricing offered to and profit generated between such carrier and any pharmacy benefits manager or mail-order pharmacy doing business with such carrier.

(b) The commissioner shall post a link on the Internet web site of the Insurance Department to the reports filed pursuant to subsection (a) of this section.

Sec. 5. (NEW) (*Effective from passage*) (a) There is established a task force to study emergency preparedness and mitigation strategies for prescription drug shortages. The task force shall identify prescription drugs at risk of shortage in this state and make recommendations pursuant to subsection (g) of this section.

(b) The task force shall consist of the following members:

(1) Two appointed by the speaker of the House of Representatives, one of whom has expertise in prescription drug supply chains and one of whom has expertise in federal law concerning prescription drug shortages;

(2) Two appointed by the president pro tempore of the Senate, one of whom represents hospitals and one of whom represents health care providers who treat patients with rare diseases;

(3) One appointed by the majority leader of the House of Representatives, who represents one of the two federally recognized Indian tribes in the state;

(4) One appointed by the majority leader of the Senate, who

represents one of the two federally recognized Indian tribes in the state;

(5) One appointed by the minority leader of the House of Representatives;

(6) One appointed by the minority leader of the Senate;

(7) The Commissioner of Health Strategy, or the commissioner's designee;

(8) The Commissioner of Consumer Protection, or the commissioner's designee;

(9) The Commissioner of Social Services, or the commissioner's designee;

(10) The Commissioner of Public Health, or the commissioner's designee;

(11) The chief executive officer of The University of Connecticut Health Center, or the chief executive officer's designee;

(12) The Insurance Commissioner, or the commissioner's designee; and

(13) The Commissioner of Economic and Community Development, or the commissioner's designee.

(c) Any member of the task force appointed under subdivision (1), (2), (3), (4), (5) or (6) of subsection (b) of this section may be a member of the General Assembly.

(d) All initial appointments to the task force shall be made not later than thirty days after the effective date of this section. Any vacancy shall be filled by the appointing authority.

(e) The speaker of the House of Representatives and the president pro tempore of the Senate shall select the chairpersons of the task force from among the members of the task force. Such chairpersons shall schedule

the first meeting of the task force, which shall be held not later than sixty days after the effective date of this section.

(f) The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to general law shall serve as administrative staff of the task force.

(g) Not later than January 1, 2026, and annually thereafter, the task force shall submit a report on its findings and recommendations to the joint standing committees of the General Assembly having cognizance of matters relating to general law, human services, insurance and real estate and public health, in accordance with the provisions of section 11-4a of the general statutes, including, but not limited to, identification of prescription drugs the task force determines are at risk of shortage and strategies that would mitigate these shortages, including methods to increase in-state production of such drugs deemed both at risk of shortage and critically necessary for the provision of health care within the state.

Sec. 6. (NEW) *(Effective July 1, 2025*) (a) As used in this section, "Strategic Supply Chain Initiative" means a program administered by the Department of Economic and Community Development to help state-based companies to increase their production capacity to win new business and attract out-of-state and international supply chain operations.

(b) The Commissioner of Economic and Community Development shall expand the Strategic Supply Chain Initiative to include efforts to prevent or mitigate prescription drug shortages, including, but not limited to, incorporating recommendations to prevent or mitigate prescription drug shortages by the task force established pursuant to section 5 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*October 1, 2025*	New section

Sec. 2	*January 1, 2026*	38a-477cc
Sec. 3	*October 1, 2025*	38a-479ttt
Sec. 4	*July 1, 2025*	New section
Sec. 5	*from passage*	New section
Sec. 6	*July 1, 2025*	New section

APP *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 $	FY 27 $
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes various prescription drug and health care related changes which are noted below.

Sections 1 - 4 make numerous changes that result in no fiscal impact to the Insurance Department. The bill makes several changes regarding pharmacy benefits managers (PBMs) and rebate practices of health carriers, and health carrier reporting on these topics. No fiscal impact is expected, as the department does not anticipate a meaningful increase in workload and compliance by PBMs and health carriers is expected.

Section 5 establishes a task force to study emergency preparedness and mitigation strategies for prescription drug shortages resulting in no fiscal impact to the state because the task force has the expertise to meet the requirements of the bill.

Section 6 expands the Strategic Supply Chain Initiative program, which is funded by General Obligation (GO) bond funds, to include efforts to prevent or mitigate prescription drug shortages.

Future General Fund debt service costs may be incurred sooner under the bill to the degree that it causes authorized GO bond funds to

be expended more rapidly than they otherwise would have been.

As of May 1, 2025, there is $25 million in previously allocated bond funds from the Manufacturing Assistance Act program that have been set aside by the Department of Economic and Community Development to fund the Strategic Supply Chain Initiative program.

The bill does not change GO bond authorizations relevant to the program.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the terms of any bonds issued.

OLR Bill Analysis

sHB 7192

AN ACT IMPLEMENTING RECOMMENDATIONS OF THE BIPARTISAN DRUG TASK FORCE.

SUMMARY

This bill makes various changes related to prescription drugs, pharmacy benefits managers (PBMs), health carriers, and other related matters.

Specifically, the bill does the following:

1. specifies that PBMs owe a fiduciary duty to health carriers or other health plan sponsors and generally prohibits carrier contracts from allowing or requiring a party to violate the carrier's fiduciary duty to insureds (§ 1);

2. prohibits certain provisions in pharmacy services contracts, such as those allowing a PBM to charge a health plan a contracted price that differs from what the PBM pays the pharmacy for the services (§ 2);

3. expands the contents of the insurance commissioner's annual report on health carrier rebates to include certain information on how rebates affected cost sharing (§ 3);

4. requires the insurance commissioner to require carriers to annually report on pricing offered to, and profit generated between, the carrier and any PBM or mail-order pharmacy (§ 4);

5. creates a 15-member task force to study prescription drug shortage preparedness and mitigation (§ 5); and

6. requires the Department of Economic and Community

Development (DECD) to incorporate prescription drug shortage prevention or mitigation into its Strategic Supply Chain Initiative (§ 6).

EFFECTIVE DATE: Various; see below.

§ 1 — PHARMACY BENEFITS MANAGER FIDUCIARY DUTY AND HEALTH CARRIER CONTRACTS

The bill specifies that PBMs owe a fiduciary duty to heath carriers (e.g., insurers) or other health benefit plan sponsors (in other words, have the legal duty to act in the carriers' or sponsors' interests). It also specifies that PBMs have an obligation of good faith and fair dealing in performing their duties with all parties, including carriers or other plan sponsors they interact with in performing their pharmacy benefit management services.

Under the bill, a PBM must notify the carrier or other plan sponsor, in writing, if any of the PBM's activities, policies, or practices directly or indirectly present a conflict of interest with its duties under the bill.

The bill also prohibits any health carrier contracts entered into or amended after October 1, 2025, from allowing or requiring a party to violate the fiduciary duty that the carrier owes to its covered persons (i.e. insureds). This applies despite any contrary provisions in the state's insurance laws and to the maximum extent allowed by law.

Under the bill, a violation of any of these provisions is an unfair insurance practice (see BACKGROUND).

The bill allows the insurance commissioner to adopt implementing regulations.

EFFECTIVE DATE: October 1, 2025

§ 2 — PHARMACY SERVICES CONTRACTS

Starting January 1, 2026, the bill prohibits a pharmacy services contract between a pharmacist or pharmacy and health carrier or PBM from allowing the PBM to charge an in-state health benefit plan a

contracted price for any pharmacy services that differs from what the PBM pays the pharmacy (directly or indirectly) for these services (sometimes called a "spread pricing" arrangement).

It further prohibits these contracts from allowing the PBM to charge a health benefit plan, directly or indirectly, a fee that depends on any of the following:

1. a prescription drug's wholesale acquisition cost or another price metric for these drugs;

2. the amount of savings, rebates, or other fees charged, collected, or generated based on the PBM's business practices; or

3. the amount of charged premiums or cost-sharing requirements under the plan that the PBM collects from covered persons.

As under existing law for prohibited provisions in these contracts:

1. any contract provision that violates the bill is void and unenforceable, but a provision rendered invalid or unenforceable does not affect remaining provisions;

2. any general business practice that violates the bill's provisions is an unfair trade practice under the Connecticut Unfair Trade Practices Act (CUTPA, see BACKGROUND); and

3. the insurance commissioner may enforce the bill's provisions and, upon request, audit pharmacy services contracts for compliance.

EFFECTIVE DATE: January 1, 2026

§ 3 — HEALTH CARRIER REBATE ANNUAL REPORTING

Existing law requires the insurance commissioner to annually report on health carrier rebate practices for the prior year and publish the report on the department's website. The bill expands the required contents of this report to include the (1) percentage of rebate dollars

health carriers used to reduce cost-sharing requirements and (2) an evaluation of rebate practices to reduce cost-sharing for health care plans delivered, issued, renewed, amended, or continued.

Under existing law, the report must include (1) an explanation of how carriers accounted for rebates when calculating premiums, (2) a statement disclosing whether and how carriers made rebates available to insureds at the point of purchase, (3) any other way carriers applied rebates, and (4) any other information the commissioner deems relevant.

EFFECTIVE DATE: October 1, 2025

§ 4 — HEALTH CARRIER PRICING AND PROFIT REPORTING REQUIREMENTS

Under the bill, the insurance commissioner must require health carriers to annually report on pricing offered to, and profit generated between, the carrier and any PBM or mail-order pharmacy doing business in Connecticut. The commissioner must post a link to these reports on the department's website.

EFFECTIVE DATE: July 1, 2025

§ 5 — PRESCRIPTION DRUG SHORTAGES TASK FORCE

The bill creates an ongoing task force to study emergency preparedness and mitigation strategies for prescription drug shortages. The task force must identify drugs at risk of shortage in this state and recommend ways to address that (see below).

EFFECTIVE DATE: Upon passage

Task Force Members, Administration, and Reporting Requirement

The task force includes eight members appointed by the legislative leaders, as shown in the following table. Appointees may be legislators.

Table: Task Force Appointed Members

Appointing Authority	*Appointee Qualifications*
House speaker	• Expert in prescription drug supply chains

Appointing Authority	Appointee Qualifications
	• Expert in federal law on prescription drug shortages
Senate president pro tempore	• Representative of hospitals • Representative of providers who treat patients with rare diseases
House majority leader	• Representative of the Mohegan or Mashantucket Pequot tribes
Senate majority leader	• Representative of the Mohegan or Mashantucket Pequot tribes
House minority leader	• Unspecified qualifications
Senate minority leader	• Unspecified qualifications

The task force also includes the following seven officials or their designees: the Department of Consumer Protection (DCP), DECD, health strategy, insurance, public health, and social services commissioners and UConn Health Center's chief executive officer.

Appointing authorities must make their initial appointments within 30 days after the bill's passage and fill any vacancy.

The House speaker and Senate president pro tempore must select the task force chairpersons from among its members. The chairpersons must schedule and hold the first meeting within 60 days after the bill's passage. The General Law Committee's administrative staff serves in that capacity for the task force.

The bill requires the task force, starting by January 1, 2026, to annually report its findings and recommendations to the General Law, Human Services, Insurance and Real Estate, and Public Health committees. The reports must identify (1) those drugs the task force determines are at risk of shortage and (2) strategies to mitigate these shortages, including ways to increase in-state production of drugs that are at risk of shortage and critically necessary for health care in the state.

§ 6 — STRATEGIC SUPPLY CHAIN INITIATIVE

The bill requires the DECD commissioner to expand the department's Strategic Supply Chain Initiative to include efforts to prevent or mitigate prescription drug shortages. This must include incorporating the task

force's recommendations (see § 5).

Under the bill, the initiative is a DECD-administered program to help state-based companies increase their production capacity to win new business and attract out-of-state and international supply chain operations.

EFFECTIVE DATE: July 1, 2025

BACKGROUND

Connecticut Unfair Insurance Practices Act

The law prohibits engaging in unfair or deceptive acts or practices in the business of insurance. It authorizes the insurance commissioner to conduct investigations and hearings, issue cease and desist orders, impose fines, revoke or suspend licenses, and order restitution for per se violations (i.e. violations specifically listed in statute). The law also allows the commissioner to ask the attorney general to seek injunctive relief in Superior Court if he believes someone is engaging in other unfair or deceptive acts not specifically defined in statute.

Fines may be up to (1) $5,000 per violation to a $50,000 maximum or (2) $25,000 per violation to a $250,000 maximum in any six-month period if the violation was knowingly committed. The law also imposes a fine of up to $50,000, in addition to or in place of a license suspension or revocation, for violating a cease and desist order (CGS §§ 38a-815 to -819).

Connecticut Unfair Trade Practices Act

By law, CUTPA prohibits businesses from engaging in unfair and deceptive acts or practices. It allows the DCP commissioner, under specified procedures, to issue regulations defining an unfair trade practice, investigate complaints, issue cease and desist orders, order restitution in cases involving less than $10,000, impose civil penalties of up to $5,000, enter into consent agreements, ask the attorney general to seek injunctive relief, and accept voluntary statements of compliance. It also allows individuals to sue. Courts may issue restraining orders; award actual and punitive damages, costs, and reasonable attorney's

fees; and impose civil penalties of up to $5,000 for willful violations and up to $25,000 for a restraining order violation.

Legislative History

The House referred the bill (File 414) to the Appropriations Committee, which reported a substitute that eliminated provisions on a Canadian prescription drug importation program.

Related Bill

sSB 11 (File 420), §§ 16, 23-25, & 36-37, favorably reported by the Human Services and Judiciary committees, has provisions similar to this bill.

COMMITTEE ACTION

Human Services Committee

Joint Favorable
Yea 19 Nay 3 (03/13/2025)

Insurance and Real Estate Committee

Joint Favorable
Yea 8 Nay 5 (04/15/2025)

Appropriations Committee

Joint Favorable Substitute
Yea 44 Nay 6 (05/05/2025)