COMMITTEE REPORT

January 27, 2015

**S. 225**

Introduced by Senators Cromer and Setzler

S. Printed 1/27/15--S.

Read the first time January 13, 2015.

**THE COMMITTEE ON FINANCE**

To whom was referred a Joint Resolution (S. 225) to suspend Proviso 105.15 of Part 1B of the 2014-2015 Appropriations Act, relating to reimbursement rates paid to pharmacies participating in the State Health Plan, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Fiscal Impact Summary**

This joint resolution is not expected to have any expenditure impact on the general fund, federal funds, or other funds.

**Explanation of Fiscal Impact**

**State Expenditure**

This is a proposed joint resolution relating to reimbursement rates paid to pharmacies participating in the State Health Plan. This joint resolution would suspend Proviso 105.15 of the FY 2014-15 Appropriations Act beginning January 1, 2015. Proviso 105.15 required the Public Employees Benefit Authority (PEBA) to reimburse all pharmacies participating in the State Health Plan on an equal and uniform per-product basis.

**Public Employees Benefit Authority.**

PEBA does not anticipate the adoption of Senate Bill 225 to have any expenditure impact on the general fund or other funds. PEBA reports that suspending Proviso 105.15 of Part 1B of the 2014-15 General Appropriations Act, as proposed would maintain the status quo by allowing the current reimbursement and pricing schedules for pharmacies participating the State Health Plan’s pharmacy benefit network to remain in place for 2015. Conversely, if the proviso remains in effect, PEBA expects that reimbursement changes could require a modification of the State Health Plan’s contract with its pharmacy benefit manager. PEBA reports a modification could potentially be on terms less favorable to the State Health Plan.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **JOINT RESOLUTION**

TO SUSPEND PROVISO 105.15 OF PART 1B OF THE 2014-2015 APPROPRIATIONS ACT, RELATING TO REIMBURSEMENT RATES PAID TO PHARMACIES PARTICIPATING IN THE STATE HEALTH PLAN BY CATAMARAN, THE CONTRACTED PHARMACY BENEFIT MANAGER FOR THE PLAN.

Whereas, in April 2014, Catamaran, the contracted pharmacy benefit manager for the State Health Plan, made certain adjustments to the reimbursement rates paid to pharmacies participating in the State Health Plan; and

Whereas, following those adjustments, certain independent South Carolina pharmacies raised concerns regarding the degree of the downward adjustments to the reimbursement rates paid for retail generic drug prescriptions; and

Whereas, in an effort to address those concerns, Proviso 105.15 was enacted in the 2014‑2015 General Appropriations Act to require that, effective January 1, 2015, all pharmacies participating in the State Health Plan be reimbursed on an equal and uniform per‑product basis by the State Health Plan; and

Whereas, in August 2014, the Public Employee Benefit Authority, the administrator of the State Health Plan, reached a contractual agreement with Catamaran to adjust the reimbursement rates paid to the affected independent pharmacies for retail generic prescriptions to rates that are consistent with the rates in effect immediately prior to the adjustments made in April 2014 and that are appropriate to fully, adequately, and properly maintain the State Health Plan’s pharmacy network in good faith; and

Whereas, in light of this contractual agreement between the Public Employee Benefit Authority and Catamaran, Proviso 105.15 is no longer necessary to address the concerns of the affected independent pharmacies and, in fact, the implementation of Proviso 105.15 would essentially negate the effect of that agreement. Now, therefore,

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Effective January 1, 2015, Proviso 105.15 of Part 1B of the 2014‑2015 General Appropriations Act shall be suspended and of no effect for the remainder of Fiscal Year 2014‑2015.

SECTION 2. This joint resolution takes effect upon approval by the Governor.

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