DISTRIBUTION OF FRESCRIPTION DRUG REDATES
2020 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Kirk A. Cullimore
House Sponsor:
LONG TITLE
General Description:
This bill addresses pharmaceutical manufacturer rebates.
Highlighted Provisions:
This bill:
<ul><li>creates definitions;</li></ul>
<ul> <li>requires a pharmacy benefit manager to distribute to a health benefit plan enrollee</li> </ul>
the enrollee's rebate share attributable to a prescription drug purchased by the
enrollee;
<ul> <li>prohibits the disclosure of certain rebate information by an insurer, a pharmacy</li> </ul>
benefit manager, or a person that contracts with an insurer or a pharmacy benefit
manager;
<ul> <li>makes certain rebate information a protected record under the Government Records</li> </ul>
Access and Management Act and a trade secret; and
<ul> <li>requires the Department of Insurance to make rules.</li> </ul>
Money Appropriated in this Bill:
None
Other Special Clauses:
This bill provides a special effective date.
<b>Utah Code Sections Affected:</b>
ENACTS:



	<b>31A-46-305</b> , Utah Code Annotated 1953
AME	NDS:
	63G-2-305, as last amended by Laws of Utah 2019, Chapters 128, 193, 244, and 277
Ro it i	enacted by the Legislature of the state of Utah:
De ii (	Section 1. Section <b>31A-46-305</b> is enacted to read:
	31A-46-305. Distribution of rebates.
	(1) As used in this section:
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COIIIS	urance owed by an enrollee for the purchase of a prescription drug.  (b) "Enrollee's rebate share attributable to a prescription drug" means an amount
orante	er than or equal to the product calculated by multiplying:
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or odr	(i) the sum of all rebates received, or to be received, in connection with the dispensing
or aur	ministration of the prescription drug; and
danar	(ii) the medical loss ratio for the enrollee's health benefit plan, as defined by the
uepai	tment under Subsection (5).  (a) "Prescription drys" means the same as that tarm is defined in Section 58, 17h, 102
	(c) "Prescription drug" means the same as that term is defined in Section 58-17b-102.
mana	(2) This section applies to rebates negotiated or collected by a pharmacy benefit
	ger pursuant to a contract or similar arrangement between the pharmacy benefit manager
and a	n insurer.  (3) (a) Except as provided in Subsection (3)(b), a pharmacy benefit manager shall
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aistri	bute to an enrollee the enrollee's rebate share attributable to a prescription drug:
	(i) at the time the enrollee purchases the prescription drug; and
	(ii) as an offset to the enrollee's cost share for the prescription drug.
	(b) The amount of the rebate distributed under Subsection (3)(a) may not exceed the
enron	lee's cost share for the prescription drug.
	(4) (a) In carrying out the provisions of this section, a pharmacy benefit manager and
	erson that contracts with the pharmacy benefit manager may not publish or otherwise
	l information in a manner that reveals the actual amount of rebates that an insurer receives
with i	respect to a specific product, manufacturer, or pharmacy.
	(b) The information described in Subsection (4)(a) is a trade secret as defined in

59	Section 13-24-2, and may not be disclosed by the commissioner directly or indirectly.
60	(c) A pharmacy benefit manager shall require a third party that contracts with the
61	pharmacy benefit manager to comply with the provisions of this Subsection (4) if the third
62	party:
63	(i) performs health care or administrative services on behalf of an insurer; and
64	(ii) receives or has access to rebate information.
65	(5) The department shall define the minimum medical loss ratio under Subsection
66	(1)(b)(ii) in a manner that is consistent with PPACA and by rule made in accordance with Title
67	63G, Chapter 3, Utah Administrative Rulemaking Act.
68	Section 2. Section <b>63G-2-305</b> is amended to read:
69	63G-2-305. Protected records.
70	The following records are protected if properly classified by a governmental entity:
71	(1) trade secrets as defined in Section 13-24-2 if the person submitting the trade secret
72	has provided the governmental entity with the information specified in Section 63G-2-309;
73	(2) commercial information or nonindividual financial information obtained from a
74	person if:
75	(a) disclosure of the information could reasonably be expected to result in unfair
76	competitive injury to the person submitting the information or would impair the ability of the
77	governmental entity to obtain necessary information in the future;
78	(b) the person submitting the information has a greater interest in prohibiting access
79	than the public in obtaining access; and
80	(c) the person submitting the information has provided the governmental entity with
81	the information specified in Section 63G-2-309;
82	(3) commercial or financial information acquired or prepared by a governmental entity
83	to the extent that disclosure would lead to financial speculations in currencies, securities, or
84	commodities that will interfere with a planned transaction by the governmental entity or cause
85	substantial financial injury to the governmental entity or state economy;
86	(4) records, the disclosure of which could cause commercial injury to, or confer a
87	competitive advantage upon a potential or actual competitor of, a commercial project entity as
88	defined in Subsection 11-13-103(4);
89	(5) test questions and answers to be used in future license, certification, registration,

90 employment, or academic examinations;

- (6) records, the disclosure of which would impair governmental procurement proceedings or give an unfair advantage to any person proposing to enter into a contract or agreement with a governmental entity, except, subject to Subsections (1) and (2), that this Subsection (6) does not restrict the right of a person to have access to, after the contract or grant has been awarded and signed by all parties:
- (a) a bid, proposal, application, or other information submitted to or by a governmental entity in response to:
  - (i) an invitation for bids;
- 99 (ii) a request for proposals;
  - (iii) a request for quotes;
- 101 (iv) a grant; or

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- (v) other similar document; or
  - (b) an unsolicited proposal, as defined in Section 63G-6a-712;
  - (7) information submitted to or by a governmental entity in response to a request for information, except, subject to Subsections (1) and (2), that this Subsection (7) does not restrict the right of a person to have access to the information, after:
  - (a) a contract directly relating to the subject of the request for information has been awarded and signed by all parties; or
  - (b) (i) a final determination is made not to enter into a contract that relates to the subject of the request for information; and
  - (ii) at least two years have passed after the day on which the request for information is issued;
  - (8) records that would identify real property or the appraisal or estimated value of real or personal property, including intellectual property, under consideration for public acquisition before any rights to the property are acquired unless:
  - (a) public interest in obtaining access to the information is greater than or equal to the governmental entity's need to acquire the property on the best terms possible;
  - (b) the information has already been disclosed to persons not employed by or under a duty of confidentiality to the entity;
- (c) in the case of records that would identify property, potential sellers of the described

property have already learned of the governmental entity's plans to acquire the property;

- (d) in the case of records that would identify the appraisal or estimated value of property, the potential sellers have already learned of the governmental entity's estimated value of the property; or
- (e) the property under consideration for public acquisition is a single family residence and the governmental entity seeking to acquire the property has initiated negotiations to acquire the property as required under Section 78B-6-505;
- (9) records prepared in contemplation of sale, exchange, lease, rental, or other compensated transaction of real or personal property including intellectual property, which, if disclosed prior to completion of the transaction, would reveal the appraisal or estimated value of the subject property, unless:
- (a) the public interest in access is greater than or equal to the interests in restricting access, including the governmental entity's interest in maximizing the financial benefit of the transaction; or
- (b) when prepared by or on behalf of a governmental entity, appraisals or estimates of the value of the subject property have already been disclosed to persons not employed by or under a duty of confidentiality to the entity;
- (10) records created or maintained for civil, criminal, or administrative enforcement purposes or audit purposes, or for discipline, licensing, certification, or registration purposes, if release of the records:
- (a) reasonably could be expected to interfere with investigations undertaken for enforcement, discipline, licensing, certification, or registration purposes;
- (b) reasonably could be expected to interfere with audits, disciplinary, or enforcement proceedings;
- (c) would create a danger of depriving a person of a right to a fair trial or impartial hearing;
- (d) reasonably could be expected to disclose the identity of a source who is not generally known outside of government and, in the case of a record compiled in the course of an investigation, disclose information furnished by a source not generally known outside of government if disclosure would compromise the source; or
  - (e) reasonably could be expected to disclose investigative or audit techniques,

procedures, policies, or orders not generally known outside of government if disclosure would interfere with enforcement or audit efforts;

(11) records the disclosure of which would jeopardize the life or safety of an individual;

- (12) records the disclosure of which would jeopardize the security of governmental property, governmental programs, or governmental recordkeeping systems from damage, theft, or other appropriation or use contrary to law or public policy;
- (13) records that, if disclosed, would jeopardize the security or safety of a correctional facility, or records relating to incarceration, treatment, probation, or parole, that would interfere with the control and supervision of an offender's incarceration, treatment, probation, or parole;
- (14) records that, if disclosed, would reveal recommendations made to the Board of Pardons and Parole by an employee of or contractor for the Department of Corrections, the Board of Pardons and Parole, or the Department of Human Services that are based on the employee's or contractor's supervision, diagnosis, or treatment of any person within the board's jurisdiction;
- (15) records and audit workpapers that identify audit, collection, and operational procedures and methods used by the State Tax Commission, if disclosure would interfere with audits or collections;
- (16) records of a governmental audit agency relating to an ongoing or planned audit until the final audit is released;
  - (17) records that are subject to the attorney client privilege;
- (18) records prepared for or by an attorney, consultant, surety, indemnitor, insurer, employee, or agent of a governmental entity for, or in anticipation of, litigation or a judicial, quasi-judicial, or administrative proceeding;
- (19) (a) (i) personal files of a state legislator, including personal correspondence to or from a member of the Legislature; and
- (ii) notwithstanding Subsection (19)(a)(i), correspondence that gives notice of legislative action or policy may not be classified as protected under this section; and
- (b) (i) an internal communication that is part of the deliberative process in connection with the preparation of legislation between:
  - (A) members of a legislative body;

183 (B) a member of a legislative body and a member of the legislative body's staff; or 184 (C) members of a legislative body's staff; and 185 (ii) notwithstanding Subsection (19)(b)(i), a communication that gives notice of 186 legislative action or policy may not be classified as protected under this section; 187 (20) (a) records in the custody or control of the Office of Legislative Research and 188 General Counsel, that, if disclosed, would reveal a particular legislator's contemplated 189 legislation or contemplated course of action before the legislator has elected to support the 190 legislation or course of action, or made the legislation or course of action public; and 191 (b) notwithstanding Subsection (20)(a), the form to request legislation submitted to the 192 Office of Legislative Research and General Counsel is a public document unless a legislator 193 asks that the records requesting the legislation be maintained as protected records until such 194 time as the legislator elects to make the legislation or course of action public; 195 (21) research requests from legislators to the Office of Legislative Research and 196 General Counsel or the Office of the Legislative Fiscal Analyst and research findings prepared 197 in response to these requests; 198 (22) drafts, unless otherwise classified as public; 199 (23) records concerning a governmental entity's strategy about: 200 (a) collective bargaining: or 201 (b) imminent or pending litigation; 202 (24) records of investigations of loss occurrences and analyses of loss occurrences that 203 may be covered by the Risk Management Fund, the Employers' Reinsurance Fund, the 204 Uninsured Employers' Fund, or similar divisions in other governmental entities; 205 (25) records, other than personnel evaluations, that contain a personal recommendation 206 concerning an individual if disclosure would constitute a clearly unwarranted invasion of 207 personal privacy, or disclosure is not in the public interest; 208 (26) records that reveal the location of historic, prehistoric, paleontological, or 209 biological resources that if known would jeopardize the security of those resources or of 210 valuable historic, scientific, educational, or cultural information; 211 (27) records of independent state agencies if the disclosure of the records would 212 conflict with the fiduciary obligations of the agency; 213 (28) records of an institution within the state system of higher education defined in

Section 53B-1-102 regarding tenure evaluations, appointments, applications for admissions, retention decisions, and promotions, which could be properly discussed in a meeting closed in accordance with Title 52, Chapter 4, Open and Public Meetings Act, provided that records of the final decisions about tenure, appointments, retention, promotions, or those students admitted, may not be classified as protected under this section;

- (29) records of the governor's office, including budget recommendations, legislative proposals, and policy statements, that if disclosed would reveal the governor's contemplated policies or contemplated courses of action before the governor has implemented or rejected those policies or courses of action or made them public;
- (30) records of the Office of the Legislative Fiscal Analyst relating to budget analysis, revenue estimates, and fiscal notes of proposed legislation before issuance of the final recommendations in these areas;
- (31) records provided by the United States or by a government entity outside the state that are given to the governmental entity with a requirement that they be managed as protected records if the providing entity certifies that the record would not be subject to public disclosure if retained by it;
- (32) transcripts, minutes, recordings, or reports of the closed portion of a meeting of a public body except as provided in Section 52-4-206;
- (33) records that would reveal the contents of settlement negotiations but not including final settlements or empirical data to the extent that they are not otherwise exempt from disclosure;
- (34) memoranda prepared by staff and used in the decision-making process by an administrative law judge, a member of the Board of Pardons and Parole, or a member of any other body charged by law with performing a quasi-judicial function;
- (35) records that would reveal negotiations regarding assistance or incentives offered by or requested from a governmental entity for the purpose of encouraging a person to expand or locate a business in Utah, but only if disclosure would result in actual economic harm to the person or place the governmental entity at a competitive disadvantage, but this section may not be used to restrict access to a record evidencing a final contract;
- (36) materials to which access must be limited for purposes of securing or maintaining the governmental entity's proprietary protection of intellectual property rights including patents,

245 copyrights, and trade secrets;

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(37) the name of a donor or a prospective donor to a governmental entity, including an institution within the state system of higher education defined in Section 53B-1-102, and other information concerning the donation that could reasonably be expected to reveal the identity of the donor, provided that:

- (a) the donor requests anonymity in writing;
- (b) any terms, conditions, restrictions, or privileges relating to the donation may not be classified protected by the governmental entity under this Subsection (37); and
- (c) except for an institution within the state system of higher education defined in Section 53B-1-102, the governmental unit to which the donation is made is primarily engaged in educational, charitable, or artistic endeavors, and has no regulatory or legislative authority over the donor, a member of the donor's immediate family, or any entity owned or controlled by the donor or the donor's immediate family;
- 258 (38) accident reports, except as provided in Sections 41-6a-404, 41-12a-202, and 73-18-13;
- 260 (39) a notification of workers' compensation insurance coverage described in Section 34A-2-205;
  - (40) (a) the following records of an institution within the state system of higher education defined in Section 53B-1-102, which have been developed, discovered, disclosed to, or received by or on behalf of faculty, staff, employees, or students of the institution:
    - (i) unpublished lecture notes;
    - (ii) unpublished notes, data, and information:
- 267 (A) relating to research; and
- 268 (B) of:
- 269 (I) the institution within the state system of higher education defined in Section
- 270 53B-1-102; or
- 271 (II) a sponsor of sponsored research;
- 272 (iii) unpublished manuscripts;
- (iv) creative works in process;
- (v) scholarly correspondence; and
- (vi) confidential information contained in research proposals;

276	(b) Subsection (40)(a) may not be construed to prohibit disclosure of public
277	information required pursuant to Subsection 53B-16-302(2)(a) or (b); and
278	(c) Subsection (40)(a) may not be construed to affect the ownership of a record;
279	(41) (a) records in the custody or control of the Office of Legislative Auditor General
280	that would reveal the name of a particular legislator who requests a legislative audit prior to the
281	date that audit is completed and made public; and
282	(b) notwithstanding Subsection (41)(a), a request for a legislative audit submitted to the
283	Office of the Legislative Auditor General is a public document unless the legislator asks that
284	the records in the custody or control of the Office of Legislative Auditor General that would
285	reveal the name of a particular legislator who requests a legislative audit be maintained as
286	protected records until the audit is completed and made public;
287	(42) records that provide detail as to the location of an explosive, including a map or
288	other document that indicates the location of:
289	(a) a production facility; or
290	(b) a magazine;
291	(43) information:
292	(a) contained in the statewide database of the Division of Aging and Adult Services
293	created by Section 62A-3-311.1; or
294	(b) received or maintained in relation to the Identity Theft Reporting Information
295	System (IRIS) established under Section 67-5-22;
296	(44) information contained in the Management Information System and Licensing
297	Information System described in Title 62A, Chapter 4a, Child and Family Services;
298	(45) information regarding National Guard operations or activities in support of the
299	National Guard's federal mission;
300	(46) records provided by any pawn or secondhand business to a law enforcement
301	agency or to the central database in compliance with Title 13, Chapter 32a, Pawnshop and
302	Secondhand Merchandise Transaction Information Act;
303	(47) information regarding food security, risk, and vulnerability assessments performed
304	by the Department of Agriculture and Food;
305	(48) except to the extent that the record is exempt from this chapter pursuant to Section
306	63G-2-106, records related to an emergency plan or program, a copy of which is provided to or

307	prepared or maintained by the Division of Emergency Management, and the disclosure of
308	which would jeopardize:
309	(a) the safety of the general public; or
310	(b) the security of:
311	(i) governmental property;
312	(ii) governmental programs; or
313	(iii) the property of a private person who provides the Division of Emergency
314	Management information;
315	(49) records of the Department of Agriculture and Food that provides for the
316	identification, tracing, or control of livestock diseases, including any program established under
317	Title 4, Chapter 24, Utah Livestock Brand and Anti-Theft Act, or Title 4, Chapter 31, Control
318	of Animal Disease;
319	(50) as provided in Section 26-39-501:
320	(a) information or records held by the Department of Health related to a complaint
321	regarding a child care program or residential child care which the department is unable to
322	substantiate; and
323	(b) information or records related to a complaint received by the Department of Health
324	from an anonymous complainant regarding a child care program or residential child care;
325	(51) unless otherwise classified as public under Section 63G-2-301 and except as
326	provided under Section 41-1a-116, an individual's home address, home telephone number, or
327	personal mobile phone number, if:
328	(a) the individual is required to provide the information in order to comply with a law,
329	ordinance, rule, or order of a government entity; and
330	(b) the subject of the record has a reasonable expectation that this information will be
331	kept confidential due to:
332	(i) the nature of the law, ordinance, rule, or order; and
333	(ii) the individual complying with the law, ordinance, rule, or order;
334	(52) the portion of the following documents that contains a candidate's residential or
335	mailing address, if the candidate provides to the filing officer another address or phone number
336	where the candidate may be contacted:
337	(a) a declaration of candidacy, a nomination petition, or a certificate of nomination.

338	described in Section 20A-9-201, 20A-9-202, 20A-9-203, 20A-9-404, 20A-9-405, 20A-9-408,
339	20A-9-408.5, 20A-9-502, or 20A-9-601;
340	(b) an affidavit of impecuniosity, described in Section 20A-9-201; or
341	(c) a notice of intent to gather signatures for candidacy, described in Section
342	20A-9-408;
343	(53) the name, home address, work addresses, and telephone numbers of an individual
344	that is engaged in, or that provides goods or services for, medical or scientific research that is:
345	(a) conducted within the state system of higher education, as defined in Section
346	53B-1-102; and
347	(b) conducted using animals;
348	(54) in accordance with Section 78A-12-203, any record of the Judicial Performance
349	Evaluation Commission concerning an individual commissioner's vote on whether or not to
350	recommend that the voters retain a judge including information disclosed under Subsection
351	78A-12-203(5)(e);
352	(55) information collected and a report prepared by the Judicial Performance
353	Evaluation Commission concerning a judge, unless Section 20A-7-702 or Title 78A, Chapter
354	12, Judicial Performance Evaluation Commission Act, requires disclosure of, or makes public,
355	the information or report;
356	(56) records contained in the Management Information System created in Section
357	62A-4a-1003;
358	(57) records provided or received by the Public Lands Policy Coordinating Office in
359	furtherance of any contract or other agreement made in accordance with Section 63J-4-603;
360	(58) information requested by and provided to the 911 Division under Section
361	63H-7a-302;
362	(59) in accordance with Section 73-10-33:
363	(a) a management plan for a water conveyance facility in the possession of the Division
364	of Water Resources or the Board of Water Resources; or
365	(b) an outline of an emergency response plan in possession of the state or a county or
366	municipality;
367	(60) the following records in the custody or control of the Office of Inspector General
368	of Medicaid Services, created in Section 63A-13-201:

(a) records that would disclose information relating to allegations of personal misconduct, gross mismanagement, or illegal activity of a person if the information or allegation cannot be corroborated by the Office of Inspector General of Medicaid Services through other documents or evidence, and the records relating to the allegation are not relied upon by the Office of Inspector General of Medicaid Services in preparing a final investigation report or final audit report;

- (b) records and audit workpapers to the extent they would disclose the identity of a person who, during the course of an investigation or audit, communicated the existence of any Medicaid fraud, waste, or abuse, or a violation or suspected violation of a law, rule, or regulation adopted under the laws of this state, a political subdivision of the state, or any recognized entity of the United States, if the information was disclosed on the condition that the identity of the person be protected;
- (c) before the time that an investigation or audit is completed and the final investigation or final audit report is released, records or drafts circulated to a person who is not an employee or head of a governmental entity for the person's response or information;
- (d) records that would disclose an outline or part of any investigation, audit survey plan, or audit program; or
- (e) requests for an investigation or audit, if disclosure would risk circumvention of an investigation or audit;
- (61) records that reveal methods used by the Office of Inspector General of Medicaid Services, the fraud unit, or the Department of Health, to discover Medicaid fraud, waste, or abuse;
- (62) information provided to the Department of Health or the Division of Occupational and Professional Licensing under Subsection 58-68-304(3) or (4);
  - (63) a record described in Section 63G-12-210;
- (64) captured plate data that is obtained through an automatic license plate reader system used by a governmental entity as authorized in Section 41-6a-2003;
- (65) any record in the custody of the Utah Office for Victims of Crime relating to a victim, including:
  - (a) a victim's application or request for benefits;
- 399 (b) a victim's receipt or denial of benefits; and

(c) any administrative notes or records made or created for the purpose of, or used to, evaluate or communicate a victim's eligibility for or denial of benefits from the Crime Victim Reparations Fund;

- (66) an audio or video recording created by a body-worn camera, as that term is defined in Section 77-7a-103, that records sound or images inside a hospital or health care facility as those terms are defined in Section 78B-3-403, inside a clinic of a health care provider, as that term is defined in Section 78B-3-403, or inside a human service program as that term is defined in Section 62A-2-101, except for recordings that:
  - (a) depict the commission of an alleged crime;

- (b) record any encounter between a law enforcement officer and a person that results in death or bodily injury, or includes an instance when an officer fires a weapon;
- (c) record any encounter that is the subject of a complaint or a legal proceeding against a law enforcement officer or law enforcement agency;
- (d) contain an officer involved critical incident as defined in Subsection 76-2-408(1)(d); or
- (e) have been requested for reclassification as a public record by a subject or authorized agent of a subject featured in the recording;
- (67) a record pertaining to the search process for a president of an institution of higher education described in Section 53B-2-102, except for application materials for a publicly announced finalist; and
  - (68) an audio recording that is:
- (a) produced by an audio recording device that is used in conjunction with a device or piece of equipment designed or intended for resuscitating an individual or for treating an individual with a life-threatening condition;
- (b) produced during an emergency event when an individual employed to provide law enforcement, fire protection, paramedic, emergency medical, or other first responder service:
- (i) is responding to an individual needing resuscitation or with a life-threatening condition; and
- (ii) uses a device or piece of equipment designed or intended for resuscitating an individual or for treating an individual with a life-threatening condition; and
  - (c) intended and used for purposes of training emergency responders how to improve

431	their response to an emergency situation;
432	(69) records submitted by or prepared in relation to an applicant seeking a
433	recommendation by the Research and General Counsel Subcommittee, the Budget
434	Subcommittee, or the Audit Subcommittee, established under Section 36-12-8, for an
435	employment position with the Legislature;
436	(70) work papers as defined in Section 31A-2-204;
437	(71) a record made available to Adult Protective Services or a law enforcement agency
438	under Section 61-1-206;
439	(72) a record submitted to the Insurance Department in accordance with Section
440	31A-37-201; and
441	(73) a record described in Section 31A-37-503.
442	(74) any record created by the Division of Occupational and Professional Licensing as
443	a result of Subsection 58-37f-304(5) or 58-37f-702(2)(a)(ii); [and]
444	(75) a record described in Section 72-16-306 that relates to the reporting of an injury
445	involving an amusement ride[-]; and
446	(76) information relating to rebates under Section 31A-46-305.
447	Section 3. Effective date.
448	This bill takes effect on January 1, 2021.