

**First Regular Session
Seventy-Seventh General Assembly
STATE OF SAN ANDREAS**

ENGROSSED

LLS NO. 26-0731.02 Elizabeth Rivas x1915

HOUSE BILL 26-026

SENATE SPONSORSHIP

Carpenter

HOUSE SPONSORSHIP

Bennett, Gomez, Gomes

House Committees

Health & Human Services

Senate Committees

Not assigned

A BILL FOR AN ACT

CONCERNING STATEWIDE CAPS ON THE COST OF PRESCRIPTION DRUGS, AND, IN CONNECTION THEREWITH, ESTABLISHING PATIENT PROTECTIONS, PRICE LIMITS, AND ENFORCEMENT MECHANISMS TO PREVENT EXCESSIVE MEDICATION COSTS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <https://saleg.uscgov.com>)

This bill establishes a comprehensive statewide framework designed to ensure all residents can afford medically necessary medications. By expanding upon previous insulin-specific policies, the legislation addresses the rising costs of prescription drugs

Shading denotes HOUSE amendment. Underlining denotes SENATE amendment.

Capital letters or bold & italic numbers indicate new material to be added to existing law.

Dashes through the words or numbers indicate deletions from existing law.

that have historically created barriers to treatment and negatively impacted public health. To oversee these changes, the bill creates a Prescription Drug Affordability Board within the Department of Health, which is tasked with monitoring pricing trends and setting additional payment limits as needed. Furthermore, it prohibits insurance companies and manufacturers from bypassing these protections through premium hikes or administrative hurdles.

Under the new law, monthly out-of-pocket costs for insured residents are strictly capped at \$35 for insulin, \$100 for any single prescription, and a total of \$200 for all medications combined, regardless of deductible status. Uninsured residents are also protected through a required affordability pathway that ensures manufacturers provide drugs at similarly capped prices. Additional provisions include emergency dispensing authority for pharmacists to prevent treatment interruptions and transparency reporting requirements. Ultimately, the legislation aims to improve medication adherence and health outcomes by providing predictable, low-cost access to essential treatments.

1 *Be it enacted by the General Assembly of the State of San*
2 *Andreas:*
3 **SECTION 1. SHORT TITLE.** This act shall be known and may
4 be cited as the “Prescription Drug Affordability Act.” **SECTION**
5 **2. LEGISLATIVE FINDINGS AND DECLARATIONS.** The
6 General Assembly finds and declares that: (a) Prescription
1 medications are medically necessary goods essential to preserving
2 life and public health; (b) Excessive prescription drug pricing
3 forces residents to delay or abandon treatment; (c) Financial
4 barriers to medication increase emergency care costs and
5 mortality; (d) The state has a compelling interest in ensuring
6 residents may obtain prescribed medication regardless of income
7 or insurance status; and (e) Reasonable limits on consumer costs
8 promote access while maintaining a stable healthcare
9 marketplace. **SECTION 3. DEFINITIONS.** (a) “Prescription
10 drug” means any drug requiring dispensation pursuant to a lawful
11 prescription approved by federal law. (b) “Covered resident”

1 means any resident of this state, regardless of insurance coverage.
2 (c) “Health benefit plan” includes insurers, pharmacy benefit
3 managers, HMOs, and state healthcare programs. (d) “Upper
4 Payment Limit” (UPL) means the maximum amount that may be
5 charged to or paid by a consumer for a prescription drug. (e)
6 “Maintenance medication” means a prescription drug prescribed
7 for a chronic condition expected to last longer than ninety days.
8 (f) “Pharmacy benefit manager” or “PBM” means an entity that
9 administers or manages prescription drug benefits on behalf of a
10 health benefit plan. **SECTION 4. STATEWIDE PRESCRIPTION**
11 **DRUG COST CAP — INSURED RESIDENTS.** (a) A health
12 benefit plan shall not require a covered resident to pay more than:
13 (I) \$35 per month for insulin; (II) \$100 per month for any single
14 prescription drug, except that specialty drugs as defined by rule
15 may be subject to an alternative cap established by the
16 Prescription Drug Affordability Board; (III) \$200 total per month
17 for all covered prescription drugs combined. (b) The limits apply
18 regardless of: Deductible status, Formulary classification, Brand
19 or generic status, Quantity prescribed when medically necessary.
20 (c) Prescription drugs subject to this act shall not be subject to
21 deductible requirements prior to application of the cap. (d) A
22 health benefit plan shall apply any third-party payments,
23 discounts, rebates, or assistance programs toward the calculation
24 of a covered resident’s out-of-pocket costs under this section.
25 **SECTION 5. AFFORDABILITY PROGRAM FOR**
26 **UNINSURED RESIDENTS.** (a) Manufacturers distributing
27 prescription drugs within this state shall participate in a State
28 Prescription Affordability Program, subject to rules adopted by
29 the Department of Health to ensure uniform implementation and
30 compliance. (b) Pharmacies shall provide prescription drugs to
31 uninsured residents at prices not exceeding: (I) \$35 per insulin
32 prescription per month; (II) \$100 per non-insulin prescription per
33 month. (c) Manufacturers shall reimburse pharmacies for the

1 difference between retail acquisition cost and capped consumer
2 payment. (d) The Department of Health may establish a
3 centralized enrollment or verification system to facilitate access
4 for uninsured residents participating in the program. **SECTION 6.**
5 **PRESCRIPTION DRUG AFFORDABILITY BOARD.** (a) The
6 Prescription Drug Affordability Board is created within the
7 Department of Health, consisting of members appointed by the
8 Governor, including individuals with expertise in healthcare,
9 economics, patient advocacy, and pharmacy practice. (b) The
10 Board may establish stricter Upper Payment Limits for drugs
11 determined to create affordability challenges. (c) The Board shall
12 prioritize: (I) Life-sustaining medications, (II) Chronic disease
13 treatments, (III) Drugs experiencing excessive annual price
14 increases. (d) The Board shall conduct public hearings prior to
15 establishing or modifying any Upper Payment Limit and shall
16 publish written findings supporting its determinations. (e) The
17 Board shall submit an annual report to the General Assembly and
18 the Governor detailing pricing trends, actions taken, and
19 recommendations for further legislative action. **SECTION 7.**
20 **PROHIBITION ON COST AVOIDANCE PRACTICES.** A
21 manufacturer, insurer, or pharmacy benefit manager shall not: (a)
22 Increase premiums primarily to offset compliance; (b) Remove
23 drugs from formularies to evade price caps; (c) Require
24 non-medical switching; (d) Impose utilization controls intended to
25 discourage access. (e) Delay or denial of coverage through prior
26 authorization requirements that are not based on clinical necessity.
27 **SECTION 8. EMERGENCY PRESCRIPTION ACCESS.** (a) A
28 pharmacist may dispense up to a 30-day emergency supply of any
29 maintenance prescription drug without a current prescription
30 when interruption would reasonably endanger patient health,
31 provided that the pharmacist exercises professional judgment and
32 documents the basis for dispensing. (b) All emergency dispensing
33 remains subject to price caps. (c) Pharmacists dispensing

1 medications under this section shall notify the prescribing
2 provider, if known, within a reasonable period following
3 dispensing. **SECTION 9. INFLATION LIMITATION.** (a) Annual
4 increases to statutory payment caps shall: (I) Not exceed the
5 Medical Consumer Price Index; and (II) Not exceed three percent
6 annually unless approved by the legislature, whichever is lower.
7 **SECTION 10. TRANSPARENCY REQUIREMENTS.** (a) Drug
8 manufacturers shall annually report: (I) Wholesale acquisition
9 cost increases; (II) Production and research expenditures; (III)
10 Marketing expenditures; (IV) State sales revenue. (b) Failure to
11 report constitutes an unfair trade practice. (c) The Department of
12 Health shall make all non-proprietary information reported under
13 this section publicly available in a searchable online format.
14 **SECTION 11. ENFORCEMENT.** (a) The Attorney General may
15 enforce this act. (b) Violations may result in: (I) Civil penalties up
16 to \$25,000 per violation; (II) Consumer restitution; (III) Injunctive
17 relief; and (IV) Suspension or restriction of the entity's authority
18 to operate within the state for repeated or willful violations. (c)
19 Residents possess a private right of action. (d) In determining
20 penalties, the court shall consider the severity of the violation, the
21 number of affected residents, and whether the violation was
22 willful or part of a pattern of conduct. **SECTION 12.**
23 **SEVERABILITY.** If any provision of this act is held invalid, such
24 invalidity shall not affect other provisions that can be given effect
25 without the invalid provision, and to this end the provisions of this
26 act are declared to be severable. **SECTION 13. SAFETY**
27 **CLAUSE.** The General Assembly finds this act necessary for the
28 immediate preservation of public peace, health, and safety.