

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

REVISED

LLS NO. 26-0731.03 Elizabeth Rivas x1915

HOUSE BILL 26-026

SENATE SPONSORSHIP

Carpenter

HOUSE SPONSORSHIP

Bennett, Gomez, Gomes

House Committees

Health & Human Services

Senate Committees

Health, Education & Human Capital

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 referred to as the “Prescription Drug Affordability Act.”

5 SECTION 2. LEGISLATIVE FINDINGS AND

6 DECLARATIONS. The General Assembly finds and declares

1 that: (a) Prescription medications are medically necessary goods
2 necessary for the preservation of life and public health; (b)

3 Excessive prescription drug pricing forces residents to delay or
4 abandon treatment; (c) Financial barriers to medication increase

5 emergency care costs and mortality; (d) The state has a

6 compelling interest in ensuring residents may access prescribed
7 medications and biological products regardless of income or

8 insurance status; and (e) Reasonable limits on consumer costs
9 promote access while maintaining a stable healthcare

10 marketplace. SECTION 3. DEFINITIONS. (a) “Prescription

11 drug” means any drug requiring dispensing pursuant to a lawful

1 prescription approved by federal law. (b) “Covered resident”
2 means any resident of this state, regardless of insurance coverage.
3 (c) “Health benefit plan” means insurers, pharmacy benefit
4 managers, HMOs, and state healthcare programs. (d) “Upper
5 Payment Limit” (UPL) means the maximum amount that may be
6 charged to or paid by a consumer or a pharmacy for a prescription
7 drug. (e) “Maintenance medication” means a prescription drug
8 prescribed for a chronic condition expected to last longer than
9 ninety days. (f) “Pharmacy benefit manager” or “PBM” means an
10 entity that administers or manages prescription drug benefits on
11 behalf of a health benefit plan. **SECTION 4. INSURANCE**
12 **CARRIER DRUG COST CAP — INSURED RESIDENTS.** (a) A
13 health benefit plan shall not require a covered resident to pay an
14 out-of-pocket amount that exceeds: (I) \$25 per month for insulin;
15 (II) \$50 per month for any single prescription drug, except that
16 high-cost specialty medications as defined by rule may be subject
17 to an alternative cap established by the Prescription Drug
18 Affordability Board; (III) \$150 per month for any single
19 brand-name or specialty drug; (IV) \$250 total per month for all
20 covered prescription drugs combined. (b) The limits apply
21 regardless of: Deductible status, Formulary classification or
22 tiering, Brand or generic status, Quantity prescribed when
23 medically necessary. (c) Prescription drugs subject to this act shall
24 not be subject to deductible requirements prior to application of
25 the cap. (d) A health benefit plan shall apply any third-party
26 payments, discounts, rebates, or assistance programs toward the
27 calculation of a covered resident’s out-of-pocket costs under this
28 section. **SECTION 5. AFFORDABILITY PROGRAM FOR**
29 **UNINSURED RESIDENTS.** (a) Manufacturers distributing
30 prescription drugs within this state shall participate in a State
31 Prescription Affordability Program, to be administered by the
32 Department of Health, and subject to rules adopted by the
33 Department of Health to ensure uniform implementation and

1 compliance. (b) Pharmacies shall provide prescription drugs to
2 uninsured residents at prices not exceeding: (I) \$35 per insulin
3 prescription per month; (II) \$100 per non-insulin prescription per
4 month. (c) Manufacturers shall reimburse pharmacies for the
5 difference between the wholesale acquisition cost as defined in
6 federal law and capped consumer payment. (d) The Department of
7 Health may establish a centralized enrollment or verification
8 system to facilitate access for uninsured residents participating in
9 the program. (e) The Department of Health may impose an
10 administrative fine of not less than \$10,000 and not more than
11 \$100,000 per day for each day a manufacturer or insurer is found
12 to be in non-compliance with the upper payment limits established
13 pursuant to this act. Fines collected shall be deposited into the
14 prescription drug affordability cash fund. **SECTION 6.**
15 **PRESCRIPTION DRUG AFFORDABILITY BOARD.** ~~(a) The~~
16 ~~Prescription Drug Affordability Board is created within the~~
17 ~~Department of Health, consisting of members appointed by the~~
18 ~~Governor, including individuals with expertise in healthcare,~~
19 ~~economics, the pharmaceutical manufacturing industry, the~~
20 ~~insurance industry, and pharmacy practice.~~ (b) ~~The Board may~~
21 ~~establish additional Upper Payment Limits for drugs determined~~
22 ~~to create affordability challenges.~~ (a) The Prescription Drug
23 Affordability Board is created as an independent body. the board
24 shall consist of seven members: three appointed by the Governor,
25 two by the President of the Senate, and two by the Speaker of the
26 House. (b) All appointments shall be subject to Senate
27 confirmation. No member of the board shall have been employed
28 by or consulted for a pharmaceutical manufacturer or health
29 insurance carrier within the five years preceding their
30 appointment. (c) The Board shall prioritize: (I) Life-sustaining
31 medications, (II) Chronic disease treatments, (III) Drugs
32 experiencing excessive annual price increases. (d) The Board shall
33 conduct public hearings prior to establishing or modifying any

1 Upper Payment Limit and shall publish written findings
2 supporting its determinations. (e) The Board shall submit an
3 annual report to the General Assembly and the Governor detailing
4 pricing trends, the impact of price caps on the availability of
5 medications, actions taken, and recommendations for further
6 legislative action. **SECTION 7. PROHIBITION ON COST**
7 **AVOIDANCE PRACTICES.** A manufacturer, insurer, or
8 pharmacy benefit manager shall not: (a) Increase premiums
9 primarily to offset compliance; (b) Remove drugs from
10 formularies to evade price caps; (c) Require non-medical
11 switching of a patient's stable drug therapy; (d) Impose utilization
12 controls intended to discourage access. (e) Delay or denial of
13 coverage through prior authorization requirements that are not
14 based on clinical necessity. (f) Discriminate against a covered
15 entity as defined in the Federal Public Health Service Act, 42
16 U.S.C. SEC. 256b, by imposing different reimbursement rates or
17 utilization controls based on the entity's participation in the 340b
18 drug pricing program. **SECTION 8. EMERGENCY**
19 **PRESCRIPTION ACCESS.** (a) A pharmacist may dispense up to
20 a 30-day emergency supply of any maintenance prescription drug
21 without a current prescription when interruption would reasonably
22 endanger patient health, provided that the pharmacist exercises
23 professional judgment and documents the basis for dispensing. (b)
24 All emergency dispensing remains subject to price caps. (c)
25 Pharmacists dispensing medications under this section shall notify
26 the prescribing provider, if known, within a reasonable medical
27 necessity, provided that such requirements do not result in a delay
28 of treatment exceeding forty-eight hours period following
29 dispensing. **SECTION 9. INFLATION LIMITATION.** (a) Annual
30 increases to statutory payment caps shall: (I) Not exceed the
31 Medical Consumer Price Index; and (II) Not exceed three percent
32 annually unless approved by the legislature, whichever is lower.
33 **SECTION 10. TRANSPARENCY REQUIREMENTS.** (a) Drug

1 manufacturers shall annually report: (I) Wholesale acquisition
2 cost increases; (II) Production and research expenditures; (III)
3 marketing and direct-to-consumer advertising expenditures; (IV)
4 State sales revenue. (b) Failure to report constitutes an unfair trade
5 practice. (c) The Department of Health shall make all
6 non-proprietary information reported under this section publicly
7 available in a searchable online format. **SECTION 10.5.**
8 IMPORTATION PROGRAM STUDY. The Department of Health,
9 in coordination with the Attorney General, shall conduct a
10 feasibility study regarding the establishment of a wholesale
11 prescription drug importation program from Canada. The study
12 shall be completed and submitted to the general assembly no later
13 than January 1, 2027. **SECTION 11. ENFORCEMENT.** (a) The
14 Attorney General may enforce this act. (b) Violations may result
15 in: (I) Civil penalties up to \$25,000 per violation; (II) Consumer
16 restitution; (III) Injunctive relief; and (IV) Suspension or
17 restriction of the entity's authority to operate within the state for
18 repeated or willful violations. (c) Residents possess a private right
19 of action for actual damages and reasonable attorney fees. (d) In
20 determining penalties, the court shall consider the severity of the
21 violation, the number of affected residents, and whether the
22 violation was willful or part of a pattern of conduct. **SECTION**
23 **12. SEVERABILITY.** If any provision of this act is held invalid,
24 such invalidity shall not affect other provisions that can be given
25 effect without the invalid provision, and to this end the provisions
26 of this 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.