Prescription Drug Price Transparency Model Legislation

NABIP
Shaping the *future* of healthcare

A Targeted Transparency Solution for Prescription Drug Pricing



The Issue

Understanding what drives prescription drug costs requires transparency across the entire supply chain. NABIP's model legislation gives states a framework to identify those cost drivers and guide policies that address prescription drug affordability.

What the Prescription Drug Price Transparency Model Legislation Does

- **Manufacturers:** Report significant price increases, qualifying new drugs and biosimilars, and supporting pricing data
- **Pharmacy Benefit Managers (PBMs):** Report drug pricing, volume, rebates and discounts, pharmacy and network fees, and net income
- **Wholesalers:** Report pricing, volume, rebates, discounts, fees, and net income for specified drugs
- **Health Insurers:** Report prescription drug spending, cost sharing amounts, high-cost drugs, year-over-year increases, and PBM and PSAO fees
- **Pharmacy Services Administrative Organizations (PSAOs):** Report negotiated pharmacy reimbursement rates and fees charged to pharmacies
- **State Insurance Regulator:** Collects and analyzes reported information, publishes an annual report on prescription drug pricing trends and contributing factors and conducts a public hearing on its findings

Why It Makes Sense

1. Establishes reporting requirements tailored to each major segment of the prescription drug supply chain
2. Identifies emerging pricing trends and the major factors affecting prescription drug costs
3. Supports informed policymaking while protecting confidential and proprietary information
4. Shows how drug costs affect consumers, employers, health plans and taxpayers

Built-In Safeguards

The model includes oversight, enforcement and confidentiality provisions designed to promote accurate reporting and protect sensitive information.

- **Accuracy**
  Reporting entities certify submitted information
- **Oversight**
  The state regulator may audit data and require corrective action
- **Accountability**
  Registration requirements and civil penalties help enforce reporting obligations and support compliance
- **Confidentiality**
  Protected entity-level information is not publicly disclosed

Policy input: Advisory councils may review findings, recommend policies and provide expertise on market and business impacts

Bring Prescription Drug Price Transparency to Your State

NABIP encourages state policymakers to use this model as the foundation for balanced, supply-chain-wide prescription drug price transparency legislation.

Contact **legislative@nabip.org** to learn how to advance NABIP's model legislation.

info@nabip.org
www.nabip.org
999 E Street NW, Suite 604
Washington, DC 20004