SENATE COUNSEL, RESEARCH, & FISCAL ANALYSIS

BILL SUMMARY

S.F. No. 1806 (1st Engrossment) – Certain formulary changes during the plan year prohibition provision

Author: Senator Alice Mann

Prepared by: Nolan Hudalla, Senate Counsel (nolan.hudalla@mnsenate.gov)

Date: March 21, 2025

Bill Overview

S.F. 1806 prohibits a health plan from removing a prescription drug from its formulary or moving a prescription drug to a more expensive benefit category during an enrollee's plan year, for any enrollee that has been previously prescribed the drug. Two exceptions are permitted from this prohibition. The bills prohibition applies to health plans in the private market as well as to the state's medical assistance program.

Section Summaries

Section 1 (adds Minn. Stat. § 62Q.83; Formulary Changes)

Subd. 1. Definitions. This subdivision defines key terms applicable to the new prohibition on formulary changes, including "drug," "enrollee," "formulary," "health plan," "pharmacy benefit manager," and "prescription."

Subd. 2. Formulary changes. This subdivision prohibits health plans from removing a drug from the formulary or moving it into a higher-cost benefit category for an enrollee who was previously prescribed that drug, for the remainder of the enrollee's plan year. There are two exceptions to this prohibition, contained in paragraphs (b) and (c). Paragraph (b) provides exceptions for drugs that have been deemed unsafe by the United States Food and Drug Administration (FDA), withdrawn by the FDA or the drug's manufacturer, or subject to warnings or recommended changes by independent research or guidelines due to previously unknown and imminent patient harm. Paragraph (c) excepts formulary changes for a brand-name drug if the health plan adds a lower-cost generic or biosimilar equivalent to the formulary and notifies prescribers, pharmacists, and affected enrollees at least 60 days before making the change.

Section 2 (amends Minn. Stat. § 256B.0625, subdivision 13; Drugs) This section extends the prohibition on formulary development from section 1 of the bill to the medical assistance program.

Under this language, MA is permitted to alter its formulary, except that the program must maintain the same level of coverage for an enrollee for a drug prescribed to that enrollee earlier in the calendar year until the next January 1. This section incorporates the same exceptions for MA as section 1 of the bill gives to private market plan formularies. It is effective upon the later of January 1, 2026, or federal approval.