

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 1877

(SENATE AUTHORS: MANN)

| DATE | D-PG | OFFICIAL STATUS |
|------------|------|--|
| 02/27/2025 | 552 | Introduction and first reading Referred to Commerce and Consumer Protection |
| 03/13/2025 | 734a | Comm report: To pass as amended and re-refer to Health and Human Services |

1.1 A bill for an act

1.2 relating to health; requiring pharmacy benefit managers and health carriers to use
1.3 prescription drug rebates and other compensation to benefit covered persons;
1.4 requiring a report; proposing coding for new law in Minnesota Statutes, chapter
1.5 62W.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[62W.16] RESPONSIBILITY TO USE COMPENSATION FOR BENEFIT OF COVERED PERSONS.**

1.9 Subdivision 1. Compensation used to reduce point-of-sale costs. (a) Except as provided
1.10 in paragraph (b), a pharmacy benefit manager or health carrier must remit all compensation
1.11 received from a drug manufacturer related to its prescription drug benefit directly to the
1.12 covered person associated with a particular prescription drug, at the point of sale, to reduce
1.13 the covered person's out-of-pocket cost for that prescription drug.

1.14 (b) A pharmacy benefit manager or health carrier is not required to remit all compensation
1.15 as required by paragraph (a), if the covered person's cost-sharing obligation for a particular
1.16 drug is less than what the person's out-of-pocket cost for that drug would be after application
1.17 of paragraph (a). All compensation retained by the pharmacy benefit manager or health
1.18 carrier under this paragraph must be applied by that entity in its plan design to offset future
1.19 premiums or costs for covered persons.

1.20 (c) State employee group insurance program contracts with pharmacy benefit managers,
1.21 including but not limited to contracts under section 43A.231, must require pharmacy benefit
1.22 manager compliance with this section

1.23 Subd. 2. **Definitions.** (a) For purposes of this section, the following definitions apply.

2.1 (b) "Compensation" means any direct or indirect financial benefit, including but not
2.2 limited to rebates, discounts, credits, fees, grants, chargebacks, or other payments or benefits
2.3 of any kind.

2.4 (c) "Cost-sharing obligation" means a covered person's co-payment or coinsurance for
2.5 a particular prescription drug.

2.6 Subd. 3. **Report on compliance.** Beginning March 1, 2026, and each March 1 thereafter,
2.7 a pharmacy benefit manager or health carrier shall file with the commissioner a report, in
2.8 the form and manner specified by the commissioner, demonstrating how the pharmacy
2.9 benefit manager or health carrier has complied with this section.

2.10 Subd. 4. **Exception.** This section does not apply to a pharmacy benefit manager or health
2.11 carrier if the covered person's cost-sharing obligation is equal to or less than:

- 2.12 (1) \$25 for a generic drug; and
- 2.13 (2) \$55 for a brand name drug.

2.14 **EFFECTIVE DATE.** This section is effective January 1, 2026.