

**Bill Summary**  
1<sup>st</sup> Session of the 59<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>SB 1670</b>
<b>Version:</b>	<b>HASB</b>
<b>Author:</b>	<b>Sen. McCortney</b>
<b>Date:</b>	<b>05/14/2024</b>

**Bill Analysis**

SB 1670 requires any entity conducting an audit on a pharmacy to provide notice 14 days prior to conducting the audit instead of 2 weeks' notice. The measure also specifies that the 30-day notice for wholesale purchase audits shall be 30 calendar days. The measure also specifies that the audit date for on-site audits shall be the date the on-site audit occurs. All other audit types shall have an audit date that occurs on the day documentation is provided to the auditor by the pharmacy. The measure provides that patients shall first receive a refund of any monies originally paid by a patient upon receiving a recoupment of funds from a pharmacy. The measure requires auditing entities to disclose if the audit is being conducted due to suspicion of fraud, willful misrepresentation, or abuse and a statement of facts that supports the reasonable suspicion to claim an exemption from notification requirements.

Auditing entities conducting an audit based on suspicion of fraud, willful misrepresentation, or abuse shall disclose certain information to the Attorney General. The Attorney General shall have unrestricted access to any documents relevant to an audit that is based on or that involves fraud, willful misrepresentation, or abuse. Additionally, if the Attorney General finds that the auditing entity failed to comply with the provisions of the Pharmacy Audit Integrity Act, the audit shall be considered null and void. The measure authorizes the Attorney General to levy a civil or administrative fine not less than \$100.00 and not greater than \$10,000.00 for each violation. Additionally, the measure provides that monies recouped from a null and void audit shall be returned to the affected pharmacy within 14 calendar days. The measure outlines examples of "maximum allowable cost" used to calculate reimbursement of multiple-source prescription drugs, medical products, and medical devices. The measure provides that pharmacy benefits managers shall reimburse claims to pharmacies at no less than the wholesale acquisition cost for the specific NDC number being dispensed if the drug is placed on the FDA Drug Shortage Database.

**House Amendments**

HA's to SB 1670 adds language providing that an audit shall be considered null and void if an auditing entity fails to comply with the provisions of the Pharmacy Audit Integrity Act. The measure also adds clarifying language and restores the title.

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