



STATE OF WEST VIRGINIA

## Offices of the Insurance Commissioner

Allan L. McVey  
Insurance Commissioner

January 28, 2026

Kansas Legislature  
RE: Potential Pharmacy Benefit Manager Legislation

Thank you for the opportunity to address the very important matter of Pharmacy Benefit Managers. My name is Joylynn Fix and I am the Life and Health Director at the West Virginia Offices of the Insurance Commissioner, as well as the Prescription Drug Working Group and the Pharmacy Benefit Managers Working Group Chairs at the National Association of Insurance Commissioners, or NAIC.

West Virginia has been regulating Pharmacy Benefit Managers since 2017. Our legislature passed 5 pieces of progressive legislation, starting with registration and taking us to the comprehensive legislation we have today. While there are many moving parts to the WV legislation, the majority revolves around three prongs: pass through rebating, a pricing reimbursement floor and freedom of choice.

The West Virginia rebating law requires 100% of all rebates, including but not limited to discounts, administration fees, credits, incentives or penalties associated on behalf of a health plan client, to be passed back to the consumer at the point of sale through cost sharing reductions. Cost sharing reductions are defined as deductible or co-insurance. Any rebate that cannot be passed through at the point of sale must be returned to the plan to be taken off of the rates.

The West Virginia PBM statute requires PBM's to reimburse West Virginia pharmacies at a rate of the National Average Drug Acquisition Cost plus a \$10.49 dispensing fee. If the NADAC price is not available, we default to the Average Wholesale Cost. The dispensing fee was chosen by leveraging the dispensing fee for our Medicaid program. While we do not outright ban spread pricing, we require all Pharmacy Benefit Managers to offer pass-through pricing which has the default effect of a ban. West Virginia asked their medical carriers to provide the top ten prescribed drugs both pre and post legislation, and all plans found the change to be an actuarial wash.

Finally, a PBM must accept any pharmacy in their network that is willing to abide by their contractual provisions.



Six years into our regulatory authority of PBM's, WV balances the needs of our consumers with 61 licensed Pharmacy Benefit Managers. PBM's are not used to being regulated. However, as we move forward, a few PBM's are starting to understand that regulation is not going away and learning to communicate more effectively with our department.

The number one complaint we heard as each version of our bill was passed was that the health insurance rates were going to increase. This just has not proven to be the case in West Virginia. Taking spread pricing out of the mix, and coupling it with the pass-through rebates have lowered the requested increases in each of the last three years. Our plans do still see some medical trend increases, however, what the plans would have requested has been lowered anywhere from 1% to upwards of 14%. PBM's continue to not correctly implement our law, and our market conduct process continually roots out noncompliance. Between the examination process and complaints from pharmacies, we know that we still face an issue with payment methodology. We work with the PBM's every day to return money back to WV pharmacies. Thus far, West Virginia has levied approximately four million dollars in regulatory penalties which resulted in over 15 million dollars of restitution returned to the local pharmacies. Our issues in WV are not isolated. As my work in the NAIC has proven, almost all states have some form of PBM regulation and are adding more responsibilities to what they have each year. The national PBM's struggle to understand the variations in states' laws leading to contentious relationships and noncompliance with the respective laws. State regulators are banding together to share best practices and to streamline regulations where we can to promote compliance and efficiency in regulatory burden for the state and regulated entities.

Again, thank you for this opportunity, and I'm happy to answer any questions now or in the future.

Joylynn Fix  
Offices of the Insurance Commissioner