



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB1159

Introduced 1/9/2025, by Rep. Thaddeus Jones

#### SYNOPSIS AS INTRODUCED:

5 ILCS 140/7  
215 ILCS 5/513b1  
215 ILCS 5/513b1.5 new

Amends the Illinois Insurance Code. Defines "health benefit plan" and other terms. Provides that a pharmacy benefit manager or an affiliate acting on the pharmacy benefit manager's behalf is prohibited from conducting spread pricing, from steering a covered individual, and from limiting a covered individual's access to prescription drugs from a pharmacy or pharmacist enrolled with the health benefit plan under the terms offered to all pharmacies in the plan coverage area by unreasonably designating the covered prescription drugs as a specialty drug. Provides that a pharmacy benefit manager or an affiliate acting on the pharmacy benefit manager's behalf must remit 100% of rebates and fees to the health benefit plan sponsor, consumer, or employer. Provides that a pharmacy benefit manager may not reimburse a pharmacy or pharmacist for a prescription drug or pharmacy service in an amount less than the national average drug acquisition cost for the prescription drug or pharmacy service at the time the drug is administered or dispensed, plus a professional dispensing fee. Provides that a contract between a pharmacy benefit manager and an insurer or health benefit plan sponsor must allow and provide for the pharmacy benefit manager's compliance with an audit at least once per calendar year of the rebate and fee records remitted from a pharmacy benefit manager or its contracted party to a health benefit plan. Provides that provisions concerning pharmacy benefit manager contracts apply to any health benefit plan (instead of any group or individual policy of accident and health insurance or managed care plan) that provides coverage for prescription drugs and that is amended, delivered, issued, or renewed on or after July 1, 2020. Requires a pharmacy benefit manager to submit an annual report that includes specified information concerning prescription drugs. Makes other changes. Amends the Freedom of Information Act to make a conforming change. Effective July 1, 2025.

LRB104 06506 BAB 16542 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Freedom of Information Act is amended by  
5 changing Section 7 as follows:

6 (5 ILCS 140/7)

7 Sec. 7. Exemptions.

8 (1) When a request is made to inspect or copy a public  
9 record that contains information that is exempt from  
10 disclosure under this Section, but also contains information  
11 that is not exempt from disclosure, the public body may elect  
12 to redact the information that is exempt. The public body  
13 shall make the remaining information available for inspection  
14 and copying. Subject to this requirement, the following shall  
15 be exempt from inspection and copying:

16 (a) Information specifically prohibited from  
17 disclosure by federal or State law or rules and  
18 regulations implementing federal or State law.

19 (b) Private information, unless disclosure is required  
20 by another provision of this Act, a State or federal law,  
21 or a court order.

22 (b-5) Files, documents, and other data or databases  
23 maintained by one or more law enforcement agencies and

1 specifically designed to provide information to one or  
2 more law enforcement agencies regarding the physical or  
3 mental status of one or more individual subjects.

4 (c) Personal information contained within public  
5 records, the disclosure of which would constitute a  
6 clearly unwarranted invasion of personal privacy, unless  
7 the disclosure is consented to in writing by the  
8 individual subjects of the information. "Unwarranted  
9 invasion of personal privacy" means the disclosure of  
10 information that is highly personal or objectionable to a  
11 reasonable person and in which the subject's right to  
12 privacy outweighs any legitimate public interest in  
13 obtaining the information. The disclosure of information  
14 that bears on the public duties of public employees and  
15 officials shall not be considered an invasion of personal  
16 privacy.

17 (d) Records in the possession of any public body  
18 created in the course of administrative enforcement  
19 proceedings, and any law enforcement or correctional  
20 agency for law enforcement purposes, but only to the  
21 extent that disclosure would:

22 (i) interfere with pending or actually and  
23 reasonably contemplated law enforcement proceedings  
24 conducted by any law enforcement or correctional  
25 agency that is the recipient of the request;

26 (ii) interfere with active administrative

1 enforcement proceedings conducted by the public body  
2 that is the recipient of the request;

3 (iii) create a substantial likelihood that a  
4 person will be deprived of a fair trial or an impartial  
5 hearing;

6 (iv) unavoidably disclose the identity of a  
7 confidential source, confidential information  
8 furnished only by the confidential source, or persons  
9 who file complaints with or provide information to  
10 administrative, investigative, law enforcement, or  
11 penal agencies; except that the identities of  
12 witnesses to traffic crashes, traffic crash reports,  
13 and rescue reports shall be provided by agencies of  
14 local government, except when disclosure would  
15 interfere with an active criminal investigation  
16 conducted by the agency that is the recipient of the  
17 request;

18 (v) disclose unique or specialized investigative  
19 techniques other than those generally used and known  
20 or disclose internal documents of correctional  
21 agencies related to detection, observation, or  
22 investigation of incidents of crime or misconduct, and  
23 disclosure would result in demonstrable harm to the  
24 agency or public body that is the recipient of the  
25 request;

26 (vi) endanger the life or physical safety of law

1 enforcement personnel or any other person; or

2 (vii) obstruct an ongoing criminal investigation  
3 by the agency that is the recipient of the request.

4 (d-5) A law enforcement record created for law  
5 enforcement purposes and contained in a shared electronic  
6 record management system if the law enforcement agency  
7 that is the recipient of the request did not create the  
8 record, did not participate in or have a role in any of the  
9 events which are the subject of the record, and only has  
10 access to the record through the shared electronic record  
11 management system.

12 (d-6) Records contained in the Officer Professional  
13 Conduct Database under Section 9.2 of the Illinois Police  
14 Training Act, except to the extent authorized under that  
15 Section. This includes the documents supplied to the  
16 Illinois Law Enforcement Training Standards Board from the  
17 Illinois State Police and Illinois State Police Merit  
18 Board.

19 (d-7) Information gathered or records created from the  
20 use of automatic license plate readers in connection with  
21 Section 2-130 of the Illinois Vehicle Code.

22 (e) Records that relate to or affect the security of  
23 correctional institutions and detention facilities.

24 (e-5) Records requested by persons committed to the  
25 Department of Corrections, Department of Human Services  
26 Division of Mental Health, or a county jail if those

1 materials are available in the library of the correctional  
2 institution or facility or jail where the inmate is  
3 confined.

4 (e-6) Records requested by persons committed to the  
5 Department of Corrections, Department of Human Services  
6 Division of Mental Health, or a county jail if those  
7 materials include records from staff members' personnel  
8 files, staff rosters, or other staffing assignment  
9 information.

10 (e-7) Records requested by persons committed to the  
11 Department of Corrections or Department of Human Services  
12 Division of Mental Health if those materials are available  
13 through an administrative request to the Department of  
14 Corrections or Department of Human Services Division of  
15 Mental Health.

16 (e-8) Records requested by a person committed to the  
17 Department of Corrections, Department of Human Services  
18 Division of Mental Health, or a county jail, the  
19 disclosure of which would result in the risk of harm to any  
20 person or the risk of an escape from a jail or correctional  
21 institution or facility.

22 (e-9) Records requested by a person in a county jail  
23 or committed to the Department of Corrections or  
24 Department of Human Services Division of Mental Health,  
25 containing personal information pertaining to the person's  
26 victim or the victim's family, including, but not limited

1 to, a victim's home address, home telephone number, work  
2 or school address, work telephone number, social security  
3 number, or any other identifying information, except as  
4 may be relevant to a requester's current or potential case  
5 or claim.

6 (e-10) Law enforcement records of other persons  
7 requested by a person committed to the Department of  
8 Corrections, Department of Human Services Division of  
9 Mental Health, or a county jail, including, but not  
10 limited to, arrest and booking records, mug shots, and  
11 crime scene photographs, except as these records may be  
12 relevant to the requester's current or potential case or  
13 claim.

14 (f) Preliminary drafts, notes, recommendations,  
15 memoranda, and other records in which opinions are  
16 expressed, or policies or actions are formulated, except  
17 that a specific record or relevant portion of a record  
18 shall not be exempt when the record is publicly cited and  
19 identified by the head of the public body. The exemption  
20 provided in this paragraph (f) extends to all those  
21 records of officers and agencies of the General Assembly  
22 that pertain to the preparation of legislative documents.

23 (g) Trade secrets and commercial or financial  
24 information obtained from a person or business where the  
25 trade secrets or commercial or financial information are  
26 furnished under a claim that they are proprietary,

1 privileged, or confidential, and that disclosure of the  
2 trade secrets or commercial or financial information would  
3 cause competitive harm to the person or business, and only  
4 insofar as the claim directly applies to the records  
5 requested.

6 The information included under this exemption includes  
7 all trade secrets and commercial or financial information  
8 obtained by a public body, including a public pension  
9 fund, from a private equity fund or a privately held  
10 company within the investment portfolio of a private  
11 equity fund as a result of either investing or evaluating  
12 a potential investment of public funds in a private equity  
13 fund. The exemption contained in this item does not apply  
14 to the aggregate financial performance information of a  
15 private equity fund, nor to the identity of the fund's  
16 managers or general partners. The exemption contained in  
17 this item does not apply to the identity of a privately  
18 held company within the investment portfolio of a private  
19 equity fund, unless the disclosure of the identity of a  
20 privately held company may cause competitive harm.

21 Nothing contained in this paragraph (g) shall be  
22 construed to prevent a person or business from consenting  
23 to disclosure.

24 (h) Proposals and bids for any contract, grant, or  
25 agreement, including information which if it were  
26 disclosed would frustrate procurement or give an advantage



1 to any person proposing to enter into a contractor  
2 agreement with the body, until an award or final selection  
3 is made. Information prepared by or for the body in  
4 preparation of a bid solicitation shall be exempt until an  
5 award or final selection is made.

6 (i) Valuable formulae, computer geographic systems,  
7 designs, drawings, and research data obtained or produced  
8 by any public body when disclosure could reasonably be  
9 expected to produce private gain or public loss. The  
10 exemption for "computer geographic systems" provided in  
11 this paragraph (i) does not extend to requests made by  
12 news media as defined in Section 2 of this Act when the  
13 requested information is not otherwise exempt and the only  
14 purpose of the request is to access and disseminate  
15 information regarding the health, safety, welfare, or  
16 legal rights of the general public.

17 (j) The following information pertaining to  
18 educational matters:

19 (i) test questions, scoring keys, and other  
20 examination data used to administer an academic  
21 examination;

22 (ii) information received by a primary or  
23 secondary school, college, or university under its  
24 procedures for the evaluation of faculty members by  
25 their academic peers;

26 (iii) information concerning a school or

1 university's adjudication of student disciplinary  
2 cases, but only to the extent that disclosure would  
3 unavoidably reveal the identity of the student; and

4 (iv) course materials or research materials used  
5 by faculty members.

6 (k) Architects' plans, engineers' technical  
7 submissions, and other construction related technical  
8 documents for projects not constructed or developed in  
9 whole or in part with public funds and the same for  
10 projects constructed or developed with public funds,  
11 including, but not limited to, power generating and  
12 distribution stations and other transmission and  
13 distribution facilities, water treatment facilities,  
14 airport facilities, sport stadiums, convention centers,  
15 and all government owned, operated, or occupied buildings,  
16 but only to the extent that disclosure would compromise  
17 security.

18 (l) Minutes of meetings of public bodies closed to the  
19 public as provided in the Open Meetings Act until the  
20 public body makes the minutes available to the public  
21 under Section 2.06 of the Open Meetings Act.

22 (m) Communications between a public body and an  
23 attorney or auditor representing the public body that  
24 would not be subject to discovery in litigation, and  
25 materials prepared or compiled by or for a public body in  
26 anticipation of a criminal, civil, or administrative

1 proceeding upon the request of an attorney advising the  
2 public body, and materials prepared or compiled with  
3 respect to internal audits of public bodies.

4 (n) Records relating to a public body's adjudication  
5 of employee grievances or disciplinary cases; however,  
6 this exemption shall not extend to the final outcome of  
7 cases in which discipline is imposed.

8 (o) Administrative or technical information associated  
9 with automated data processing operations, including, but  
10 not limited to, software, operating protocols, computer  
11 program abstracts, file layouts, source listings, object  
12 modules, load modules, user guides, documentation  
13 pertaining to all logical and physical design of  
14 computerized systems, employee manuals, and any other  
15 information that, if disclosed, would jeopardize the  
16 security of the system or its data or the security of  
17 materials exempt under this Section.

18 (p) Records relating to collective negotiating matters  
19 between public bodies and their employees or  
20 representatives, except that any final contract or  
21 agreement shall be subject to inspection and copying.

22 (q) Test questions, scoring keys, and other  
23 examination data used to determine the qualifications of  
24 an applicant for a license or employment.

25 (r) The records, documents, and information relating  
26 to real estate purchase negotiations until those

1 negotiations have been completed or otherwise terminated.  
2 With regard to a parcel involved in a pending or actually  
3 and reasonably contemplated eminent domain proceeding  
4 under the Eminent Domain Act, records, documents, and  
5 information relating to that parcel shall be exempt except  
6 as may be allowed under discovery rules adopted by the  
7 Illinois Supreme Court. The records, documents, and  
8 information relating to a real estate sale shall be exempt  
9 until a sale is consummated.

10 (s) Any and all proprietary information and records  
11 related to the operation of an intergovernmental risk  
12 management association or self-insurance pool or jointly  
13 self-administered health and accident cooperative or pool.  
14 Insurance or self-insurance (including any  
15 intergovernmental risk management association or  
16 self-insurance pool) claims, loss or risk management  
17 information, records, data, advice, or communications.

18 (t) Information contained in or related to  
19 examination, operating, or condition reports prepared by,  
20 on behalf of, or for the use of a public body responsible  
21 for the regulation or supervision of financial  
22 institutions, insurance companies, or pharmacy benefit  
23 managers, unless disclosure is otherwise required by State  
24 law.

25 (u) Information that would disclose or might lead to  
26 the disclosure of secret or confidential information,

1 codes, algorithms, programs, or private keys intended to  
2 be used to create electronic signatures under the Uniform  
3 Electronic Transactions Act.

4 (v) Vulnerability assessments, security measures, and  
5 response policies or plans that are designed to identify,  
6 prevent, or respond to potential attacks upon a  
7 community's population or systems, facilities, or  
8 installations, but only to the extent that disclosure  
9 could reasonably be expected to expose the vulnerability  
10 or jeopardize the effectiveness of the measures, policies,  
11 or plans, or the safety of the personnel who implement  
12 them or the public. Information exempt under this item may  
13 include such things as details pertaining to the  
14 mobilization or deployment of personnel or equipment, to  
15 the operation of communication systems or protocols, to  
16 cybersecurity vulnerabilities, or to tactical operations.

17 (w) (Blank).

18 (x) Maps and other records regarding the location or  
19 security of generation, transmission, distribution,  
20 storage, gathering, treatment, or switching facilities  
21 owned by a utility, by a power generator, or by the  
22 Illinois Power Agency.

23 (y) Information contained in or related to proposals,  
24 bids, or negotiations related to electric power  
25 procurement under Section 1-75 of the Illinois Power  
26 Agency Act and Section 16-111.5 of the Public Utilities

1 Act that is determined to be confidential and proprietary  
2 by the Illinois Power Agency or by the Illinois Commerce  
3 Commission.

4 (z) Information about students exempted from  
5 disclosure under Section 10-20.38 or 34-18.29 of the  
6 School Code, and information about undergraduate students  
7 enrolled at an institution of higher education exempted  
8 from disclosure under Section 25 of the Illinois Credit  
9 Card Marketing Act of 2009.

10 (aa) Information the disclosure of which is exempted  
11 under the Viatical Settlements Act of 2009.

12 (bb) Records and information provided to a mortality  
13 review team and records maintained by a mortality review  
14 team appointed under the Department of Juvenile Justice  
15 Mortality Review Team Act.

16 (cc) Information regarding interments, entombments, or  
17 inurnments of human remains that are submitted to the  
18 Cemetery Oversight Database under the Cemetery Care Act or  
19 the Cemetery Oversight Act, whichever is applicable.

20 (dd) Correspondence and records (i) that may not be  
21 disclosed under Section 11-9 of the Illinois Public Aid  
22 Code or (ii) that pertain to appeals under Section 11-8 of  
23 the Illinois Public Aid Code.

24 (ee) The names, addresses, or other personal  
25 information of persons who are minors and are also  
26 participants and registrants in programs of park

1 districts, forest preserve districts, conservation  
2 districts, recreation agencies, and special recreation  
3 associations.

4 (ff) The names, addresses, or other personal  
5 information of participants and registrants in programs of  
6 park districts, forest preserve districts, conservation  
7 districts, recreation agencies, and special recreation  
8 associations where such programs are targeted primarily to  
9 minors.

10 (gg) Confidential information described in Section  
11 1-100 of the Illinois Independent Tax Tribunal Act of  
12 2012.

13 (hh) The report submitted to the State Board of  
14 Education by the School Security and Standards Task Force  
15 under item (8) of subsection (d) of Section 2-3.160 of the  
16 School Code and any information contained in that report.

17 (ii) Records requested by persons committed to or  
18 detained by the Department of Human Services under the  
19 Sexually Violent Persons Commitment Act or committed to  
20 the Department of Corrections under the Sexually Dangerous  
21 Persons Act if those materials: (i) are available in the  
22 library of the facility where the individual is confined;  
23 (ii) include records from staff members' personnel files,  
24 staff rosters, or other staffing assignment information;  
25 or (iii) are available through an administrative request  
26 to the Department of Human Services or the Department of

1 Corrections.

2 (jj) Confidential information described in Section  
3 5-535 of the Civil Administrative Code of Illinois.

4 (kk) The public body's credit card numbers, debit card  
5 numbers, bank account numbers, Federal Employer  
6 Identification Number, security code numbers, passwords,  
7 and similar account information, the disclosure of which  
8 could result in identity theft or impersonation or defrauding  
9 of a governmental entity or a person.

10 (ll) Records concerning the work of the threat  
11 assessment team of a school district, including, but not  
12 limited to, any threat assessment procedure under the  
13 School Safety Drill Act and any information contained in  
14 the procedure.

15 (mm) Information prohibited from being disclosed under  
16 subsections (a) and (b) of Section 15 of the Student  
17 Confidential Reporting Act.

18 (nn) Proprietary information submitted to the  
19 Environmental Protection Agency under the Drug Take-Back  
20 Act.

21 (oo) Records described in subsection (f) of Section  
22 3-5-1 of the Unified Code of Corrections.

23 (pp) Any and all information regarding burials,  
24 interments, or entombments of human remains as required to  
25 be reported to the Department of Natural Resources  
26 pursuant either to the Archaeological and Paleontological



1 Resources Protection Act or the Human Remains Protection  
2 Act.

3 (qq) Reports described in subsection (e) of Section  
4 16-15 of the Abortion Care Clinical Training Program Act.

5 (rr) Information obtained by a certified local health  
6 department under the Access to Public Health Data Act.

7 (ss) For a request directed to a public body that is  
8 also a HIPAA-covered entity, all information that is  
9 protected health information, including demographic  
10 information, that may be contained within or extracted  
11 from any record held by the public body in compliance with  
12 State and federal medical privacy laws and regulations,  
13 including, but not limited to, the Health Insurance  
14 Portability and Accountability Act and its regulations, 45  
15 CFR Parts 160 and 164. As used in this paragraph,  
16 "HIPAA-covered entity" has the meaning given to the term  
17 "covered entity" in 45 CFR 160.103 and "protected health  
18 information" has the meaning given to that term in 45 CFR  
19 160.103.

20 (tt) Proposals or bids submitted by engineering  
21 consultants in response to requests for proposal or other  
22 competitive bidding requests by the Department of  
23 Transportation or the Illinois Toll Highway Authority.

24 (uu) Annual reports submitted by pharmacy benefit  
25 managers under Section 513b1.5 of the Illinois Insurance  
26 Code, except for the summary versions of the reports under

1 paragraph (3) of subsection (b) of Section 513b1.5 of the  
2 Illinois Insurance Code.

3 (1.5) Any information exempt from disclosure under the  
4 Judicial Privacy Act shall be redacted from public records  
5 prior to disclosure under this Act.

6 (2) A public record that is not in the possession of a  
7 public body but is in the possession of a party with whom the  
8 agency has contracted to perform a governmental function on  
9 behalf of the public body, and that directly relates to the  
10 governmental function and is not otherwise exempt under this  
11 Act, shall be considered a public record of the public body,  
12 for purposes of this Act.

13 (3) This Section does not authorize withholding of  
14 information or limit the availability of records to the  
15 public, except as stated in this Section or otherwise provided  
16 in this Act.

17 (Source: P.A. 102-38, eff. 6-25-21; 102-558, eff. 8-20-21;  
18 102-694, eff. 1-7-22; 102-752, eff. 5-6-22; 102-753, eff.  
19 1-1-23; 102-776, eff. 1-1-23; 102-791, eff. 5-13-22; 102-982,  
20 eff. 7-1-23; 102-1055, eff. 6-10-22; 103-154, eff. 6-30-23;  
21 103-423, eff. 1-1-24; 103-446, eff. 8-4-23; 103-462, eff.  
22 8-4-23; 103-540, eff. 1-1-24; 103-554, eff. 1-1-24; 103-605,  
23 eff. 7-1-24; 103-865, eff. 1-1-25.)

24 Section 10. The Illinois Insurance Code is amended by  
25 changing Section 513b1 and by adding Section 513b1.5 as

1 follows:

2 (215 ILCS 5/513b1)

3 Sec. 513b1. Pharmacy benefit manager contracts.

4 (a) As used in this Section:

5 "340B drug discount program" means the program established  
6 under Section 340B of the federal Public Health Service Act,  
7 42 U.S.C. 256b.

8 "340B entity" means a covered entity as defined in 42  
9 U.S.C. 256b(a)(4) authorized to participate in the 340B drug  
10 discount program.

11 "340B pharmacy" means any pharmacy used to dispense 340B  
12 drugs for a covered entity, whether entity-owned or external.

13 "Biological product" has the meaning ascribed to that term  
14 in Section 19.5 of the Pharmacy Practice Act.

15 "Covered individual" means a member, participant,  
16 enrollee, contract holder, policyholder, or beneficiary of a  
17 health benefit plan who is provided a prescription drug  
18 benefit by the health benefit plan.

19 "Health benefit plan" means a policy, contract,  
20 certificate, or agreement entered into, offered, or issued by  
21 an insurer to provide, deliver, arrange for, pay for, or  
22 reimburse any of the costs of physical, mental, or behavioral  
23 health care services. "Health benefit plan" does not include  
24 Medicaid managed care organizations, as defined in Section  
25 5-30.1 of the Illinois Public Aid Code, or employee welfare

1 benefit plans subject to the federal Employee Retirement  
2 Income Security Act of 1974.

3 "Maximum allowable cost" means the maximum amount that a  
4 pharmacy benefit manager will reimburse a pharmacy for the  
5 cost of a drug.

6 "Maximum allowable cost list" means a list of drugs for  
7 which a maximum allowable cost has been established by a  
8 pharmacy benefit manager.

9 "Pharmacy benefit manager" means a person, business, or  
10 entity, including a wholly or partially owned or controlled  
11 subsidiary of a pharmacy benefit manager, that provides claims  
12 processing services or other prescription drug or device  
13 services, or both, for health benefit plans.

14 "Rebate aggregator" means a person or entity that  
15 negotiates rebates, discounts, or other fees attributable to  
16 usage by covered individuals with drug manufacturers on behalf  
17 of pharmacy benefit managers or their clients and may also be  
18 involved in contracts that entitle the rebate aggregator or  
19 its client to receive rebates, discounts, or other fees  
20 attributable to usage by covered individuals from drug  
21 manufacturers based on drug utilization or administration.

22 "Retail price" means the price an individual without  
23 prescription drug coverage would pay at a retail pharmacy, not  
24 including a pharmacist dispensing fee.

25 "Spread pricing" means the model of prescription drug  
26 pricing in which the pharmacy benefit manager charges a health

1 benefit plan a contracted price for prescription drugs and the  
2 contracted price for the prescription drugs differs from the  
3 amount the pharmacy benefit manager directly or indirectly  
4 pays the pharmacist or pharmacy for pharmacist services.

5 "Steer" includes, but is not limited to:

6 (1) requiring a covered individual to use only a  
7 pharmacy, including a mail-order pharmacy, in which the  
8 pharmacy benefit manager maintains an ownership interest  
9 or control;

10 (2) offering or implementing a plan design that  
11 encourages a covered individual to use a pharmacy in which  
12 the pharmacy benefit manager maintains an ownership  
13 interest or control, if such plan design increases costs  
14 for the covered individual, including requiring a covered  
15 individual to pay full costs for a prescription if the  
16 covered individual chooses not to use a pharmacy owned or  
17 controlled by the pharmacy benefit manager;

18 (3) reimbursing a pharmacy or pharmacist for a  
19 pharmaceutical product or pharmacist service in an amount  
20 less than the amount that the pharmacy benefit manager  
21 reimburses itself or an affiliate for providing the same  
22 product or services, unless the pharmacy or pharmacist  
23 contractually agrees to a lower reimbursement amount; or

24 (4) any other actions determined by the Department by  
25 rule.

26 "Third-party payer" means any entity that pays for

1 prescription drugs on behalf of a patient other than a health  
2 care provider or sponsor of a plan subject to regulation under  
3 Medicare Part D, 42 U.S.C. 1395w-101 et seq.

4 (b) A contract between a health insurer and a pharmacy  
5 benefit manager must require that the pharmacy benefit  
6 manager:

7 (1) Update maximum allowable cost pricing information  
8 at least every 7 calendar days.

9 (2) Maintain a process that will, in a timely manner,  
10 eliminate drugs from maximum allowable cost lists or  
11 modify drug prices to remain consistent with changes in  
12 pricing data used in formulating maximum allowable cost  
13 prices and product availability.

14 (3) Provide access to its maximum allowable cost list  
15 to each pharmacy or pharmacy services administrative  
16 organization subject to the maximum allowable cost list.  
17 Access may include a real-time pharmacy website portal to  
18 be able to view the maximum allowable cost list. As used in  
19 this Section, "pharmacy services administrative  
20 organization" means an entity operating within the State  
21 that contracts with independent pharmacies to conduct  
22 business on their behalf with third-party payers. A  
23 pharmacy services administrative organization may provide  
24 administrative services to pharmacies and negotiate and  
25 enter into contracts with third-party payers or pharmacy  
26 benefit managers on behalf of pharmacies.

1           (4) Provide a process by which a contracted pharmacy  
2           can appeal the provider's reimbursement for a drug subject  
3           to maximum allowable cost pricing. The appeals process  
4           must, at a minimum, include the following:

5                   (A) A requirement that a contracted pharmacy has  
6                   14 calendar days after the applicable fill date to  
7                   appeal a maximum allowable cost if the reimbursement  
8                   for the drug is less than the net amount that the  
9                   network provider paid to the supplier of the drug.

10                   (B) A requirement that a pharmacy benefit manager  
11                   must respond to a challenge within 14 calendar days of  
12                   the contracted pharmacy making the claim for which the  
13                   appeal has been submitted.

14                   (C) A telephone number and e-mail address or  
15                   website to network providers, at which the provider  
16                   can contact the pharmacy benefit manager to process  
17                   and submit an appeal.

18                   (D) A requirement that, if an appeal is denied,  
19                   the pharmacy benefit manager must provide the reason  
20                   for the denial and the name and the national drug code  
21                   number from national or regional wholesalers.

22                   (E) A requirement that, if an appeal is sustained,  
23                   the pharmacy benefit manager must make an adjustment  
24                   in the drug price effective the date the challenge is  
25                   resolved and make the adjustment applicable to all  
26                   similarly situated network pharmacy providers, as

1           determined by the managed care organization or  
2           pharmacy benefit manager.

3           (5) Allow a plan sponsor whose coverage is  
4           administered by the ~~contracting with a~~ pharmacy benefit  
5           manager an annual right to audit compliance with the terms  
6           of the contract by the pharmacy benefit manager,  
7           including, but not limited to, full disclosure of any and  
8           all rebate amounts secured, whether product specific or  
9           generalized rebates, that were provided to the pharmacy  
10          benefit manager by a pharmaceutical manufacturer.

11          (6) Allow a plan sponsor whose coverage is  
12          administered by the ~~contracting with a~~ pharmacy benefit  
13          manager to request that the pharmacy benefit manager  
14          disclose the actual amounts paid by the pharmacy benefit  
15          manager to the pharmacy.

16          (7) Provide notice to the plan sponsor and the party  
17          contracting with the pharmacy benefit manager of any  
18          consideration that the pharmacy benefit manager receives  
19          from the manufacturer for dispense as written  
20          prescriptions once a generic or biologically similar  
21          product becomes available.

22          (c) In order to place a particular prescription drug on a  
23          maximum allowable cost list, the pharmacy benefit manager  
24          must, at a minimum, ensure that:

25                 (1) if the drug is a generically equivalent drug, it  
26                 is listed as therapeutically equivalent and



1           pharmaceutically equivalent "A" or "B" rated in the United  
2           States Food and Drug Administration's most recent version  
3           of the "Orange Book" or have an NR or NA rating by  
4           Medi-Span, Gold Standard, or a similar rating by a  
5           nationally recognized reference;

6           (2) the drug is available for purchase by each  
7           pharmacy in the State from national or regional  
8           wholesalers operating in Illinois; and

9           (3) the drug is not obsolete.

10          (d) A pharmacy benefit manager is prohibited from limiting  
11          a pharmacist's ability to disclose whether the cost-sharing  
12          obligation exceeds the retail price for a covered prescription  
13          drug, and the availability of a more affordable alternative  
14          drug, if one is available in accordance with Section 42 of the  
15          Pharmacy Practice Act.

16          (e) A health benefit plan insurer or pharmacy benefit  
17          manager shall not require a covered individual ~~an insured~~ to  
18          make a payment for a prescription drug at the point of sale in  
19          an amount that exceeds the lesser of:

20               (1) the applicable cost-sharing amount; or

21               (2) the retail price of the drug in the absence of  
22          prescription drug coverage.

23          (f) Unless required by law, a contract between a pharmacy  
24          benefit manager or third-party payer and a 340B entity or 340B  
25          pharmacy shall not contain any provision that:

26               (1) distinguishes between drugs purchased through the

1           340B drug discount program and other drugs when  
2           determining reimbursement or reimbursement methodologies,  
3           or contains otherwise less favorable payment terms or  
4           reimbursement methodologies for 340B entities or 340B  
5           pharmacies when compared to similarly situated non-340B  
6           entities;

7           (2) imposes any fee, chargeback, or rate adjustment  
8           that is not similarly imposed on similarly situated  
9           pharmacies that are not 340B entities or 340B pharmacies;

10          (3) imposes any fee, chargeback, or rate adjustment  
11          that exceeds the fee, chargeback, or rate adjustment that  
12          is not similarly imposed on similarly situated pharmacies  
13          that are not 340B entities or 340B pharmacies;

14          (4) prevents or interferes with an individual's choice  
15          to receive a covered prescription drug from a 340B entity  
16          or 340B pharmacy through any legally permissible means,  
17          except that nothing in this paragraph shall prohibit the  
18          establishment of differing copayments or other  
19          cost-sharing amounts within the health benefit plan for  
20          covered individuals ~~persons~~ who acquire covered  
21          prescription drugs from a nonpreferred or nonparticipating  
22          provider;

23          (5) excludes a 340B entity or 340B pharmacy from a  
24          pharmacy network on any basis that includes consideration  
25          of whether the 340B entity or 340B pharmacy participates  
26          in the 340B drug discount program;

1 (6) prevents a 340B entity or 340B pharmacy from using  
2 a drug purchased under the 340B drug discount program; or

3 (7) any other provision that discriminates against a  
4 340B entity or 340B pharmacy by treating the 340B entity  
5 or 340B pharmacy differently than non-340B entities or  
6 non-340B pharmacies for any reason relating to the  
7 entity's participation in the 340B drug discount program.

8 As used in this subsection, "pharmacy benefit manager" and  
9 "third-party payer" do not include pharmacy benefit managers  
10 and third-party payers acting on behalf of a Medicaid program  
11 or an employee welfare benefit plan subject to the federal  
12 Employee Retirement Income Security Act of 1974.

13 (f-5) A pharmacy benefit manager or an affiliate acting on  
14 the pharmacy benefit manager's behalf is prohibited from  
15 conducting spread pricing in this State.

16 (f-10) A pharmacy benefit manager or an affiliate acting  
17 on the pharmacy benefit manager's behalf shall not steer a  
18 covered individual.

19 (f-15) A pharmacy benefit manager or an affiliate acting  
20 on the pharmacy benefit manager's behalf must remit 100% of  
21 rebates and fees to the health benefit plan sponsor, consumer,  
22 or employer. Records of rebates and fees remitted from the  
23 pharmacy benefit manager or its contracted party shall be  
24 retained for 7 years.

25 (f-20) A pharmacy benefit manager may not reimburse a  
26 pharmacy or pharmacist for a prescription drug or pharmacy

1 service in an amount less than the national average drug  
2 acquisition cost for the prescription drug or pharmacy service  
3 at the time the drug is administered or dispensed, plus a  
4 professional dispensing fee of \$10.49. However, if the  
5 national average drug acquisition cost is not available at the  
6 time a drug is administered or dispensed, a pharmacy benefit  
7 manager may not reimburse in an amount that is less than the  
8 wholesale acquisition cost of the drug, as defined in 42  
9 U.S.C. 1395w-3a(c)(6)(B), plus a professional dispensing fee  
10 of \$10.49.

11 (f-25) A pharmacy benefit manager or an affiliate acting  
12 on the pharmacy benefit manager's behalf is prohibited from  
13 limiting a covered individual's access to prescription drugs  
14 from a pharmacy or pharmacist enrolled with the health benefit  
15 plan under the terms offered to all pharmacies in the plan  
16 coverage area by unreasonably designating the covered  
17 prescription drugs as a specialty drug.

18 (f-30) The contract between the pharmacy benefit manager  
19 and the insurer or health benefit plan sponsor must allow and  
20 provide for the pharmacy benefit manager's compliance with an  
21 audit at least once per calendar year of the rebate and fee  
22 records remitted from a pharmacy benefit manager or its  
23 contracted party to a health benefit plan. Contracts with  
24 rebate aggregators or drug manufactures must be available for  
25 audit by health benefit plan sponsors or designated third  
26 parties at least once per plan year. Audits shall be performed

1 by an auditor selected by the health benefit plan sponsor.  
2 Rebate contracts with rebate aggregators or drug manufactures  
3 shall be available for audit by health benefit plan sponsors.

4 (g) A violation of this Section by a pharmacy benefit  
5 manager constitutes an unfair or deceptive act or practice in  
6 the business of insurance under Section 424.

7 (h) A provision that violates subsection (f) in a  
8 contract between a pharmacy benefit manager or a third-party  
9 payer and a 340B entity that is entered into, amended, or  
10 renewed after July 1, 2022 shall be void and unenforceable.

11 (i)(1) A pharmacy benefit manager may not retaliate  
12 against a pharmacist or pharmacy for disclosing information in  
13 a court, in an administrative hearing, before a legislative  
14 commission or committee, or in any other proceeding, if the  
15 pharmacist or pharmacy has reasonable cause to believe that  
16 the disclosed information is evidence of a violation of a  
17 State or federal law, rule, or regulation.

18 (2) A pharmacy benefit manager may not retaliate against a  
19 pharmacist or pharmacy for disclosing information to a  
20 government or law enforcement agency, if the pharmacist or  
21 pharmacy has reasonable cause to believe that the disclosed  
22 information is evidence of a violation of a State or federal  
23 law, rule, or regulation.

24 (3) A pharmacist or pharmacy shall make commercially  
25 reasonable efforts to limit the disclosure of confidential and  
26 proprietary information.

1 (4) Retaliatory actions against a pharmacy or pharmacist  
2 include cancellation of, restriction of, or refusal to renew  
3 or offer a contract to a pharmacy solely because the pharmacy  
4 or pharmacist has:

5 (A) made disclosures of information that the  
6 pharmacist or pharmacy has reasonable cause to believe is  
7 evidence of a violation of a State or federal law, rule, or  
8 regulation;

9 (B) filed complaints with the plan or pharmacy benefit  
10 manager; or

11 (C) filed complaints against the plan or pharmacy  
12 benefit manager with the Department.

13 (j) This Section applies to contracts entered into or  
14 renewed on or after July 1, 2022.

15 (k) This Section applies to any health benefit ~~group or~~  
16 ~~individual policy of accident and health insurance or managed~~  
17 ~~care~~ plan that provides coverage for prescription drugs and  
18 that is amended, delivered, issued, or renewed on or after  
19 July 1, 2020.

20 (Source: P.A. 102-778, eff. 7-1-22; 103-154, eff. 6-30-23;  
21 103-453, eff. 8-4-23.)

22 (215 ILCS 5/513b1.5 new)

23 Sec. 513b1.5. Pharmacy benefit manager reporting  
24 requirements.

25 (a) A pharmacy benefit manager that provides services for

1 a health benefit plan must submit an annual report, by no later  
2 than September 1, to the health benefit plan sponsor and  
3 issuer and include the following:

4 (1) information collected from drug manufacturers on  
5 copayment assistance;

6 (2) a list of drugs covered by the health benefit  
7 plan, including details such as the brand name, generic  
8 name, number of participants, number of prescription  
9 claims, dosage units, dispensing channel used, wholesale  
10 acquisition cost, net cost, and total out-of-pocket  
11 spending by covered individual;

12 (3) information on each therapeutic class of drugs;

13 (4) the amount received by the health benefit plan in  
14 rebates, fees, or discounts related to drug utilization or  
15 spending;

16 (5) total gross spending on prescription drugs;

17 (6) total net spending on prescription drugs by the  
18 health benefit plan;

19 (7) any compensation paid to brokers, consultants,  
20 advisors, or any other individual or firm for referrals,  
21 consideration, or retention by the health benefit plan;  
22 and

23 (8) an explanation of benefit design parameters  
24 encouraging or requiring covered individuals to use  
25 affiliated pharmacies, the percentage of prescriptions  
26 charged by these pharmacies, and a list of drugs dispensed

1 by affiliated pharmacies with their associated costs.

2 (b) Annual reports submitted pursuant to subsection (a):

3 (1) must be written in plain language to ensure ease  
4 of reading and accessibility;

5 (2) may only contain summary health information to  
6 ensure plan, coverage, or covered individual information  
7 remains private and confidential;

8 (3) upon request by a covered individual, must be  
9 available in summary format and provide aggregated  
10 information to help covered individuals understand their  
11 health benefit plan's prescription drug coverage; and

12 (4) must be filed with the Department no later than  
13 September 1 of each year via the System for Electronic  
14 Rates & Forms Filing. The filing shall include the summary  
15 version of the report described in paragraph (3) of this  
16 subsection, which shall be marked for public access.

17 (c) A pharmacy benefit manager may petition the Department  
18 for a filing submission extension. The Director may grant or  
19 deny the extension within 5 business days after receiving the  
20 petition.

21 (d) Failure by a pharmacy benefit manager to submit an  
22 annual report to the Department may result in a fine levied by  
23 the Director not to exceed \$1,000 per day. Funds derived from  
24 finer levied shall be deposited into the Insurance Producer  
25 Administration Fund. Fine information shall be posted on the  
26 Department's website.



1       (e) A pharmacy benefit manager found in violation of  
2       subsection (a) or paragraph (4) of subsection (b) may request  
3       a hearing from the Director within 10 days after being found in  
4       violation.

5       (f) Except for the summary versions, the annual reports  
6       submitted by pharmacy benefit managers are considered  
7       confidential and privileged for all purposes, including for  
8       purposes of the Freedom of Information Act, a response to a  
9       subpoena, or evidence in a civil action.

10       (g) A copy of an adverse decision against a pharmacy  
11       benefit manager for failing to submit an annual report to the  
12       Department must be posted to the Department's website.

13       Section 99. Effective date. This Act takes effect July 1,  
14       2025.