

President Trump Signs Federal “Gag Order” Pharmacy Bills

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Today, President Trump signed into law two bills that have gained bipartisan support including the “Know the Lowest Price Act of 2018” and the “Patient Right to Know Drug Prices Act”. Together, these two bills ban “gag order” clauses in contracts for Medicare and Medicare Advantage Beneficiaries and commercial employer-based and individual insurance policies. “Gag order” clauses are sometimes in contractual agreements between pharmacies, insurance companies, and pharmacy benefit managers and usually restrict or penalize pharmacies and their staff for informing patients that their prescription would be less expensive if they paid the cash price for the prescription,

instead of paying for the prescription using an insurance plan.

Under the new legislation, while pharmacists may tell patients about lower cost options, they are not required to do so. Therefore, if a pharmacist does not provide the information to the patient, the patient will be responsible for asking for the information from pharmacy. The new legislation is effective immediately for commercial insurance contracts and will be effective for Medicare beneficiaries starting January 1, 2020. Some pharmacies and patients will be impacted by the new federal legislation more than others, since as of March 2018, fourteen states have already passed

legislation that banned the “gag order” practice.

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