

SB 230, PHARMACEUTICAL SUPPLY CHAIN, (Weiler, T)

Anticipated Fiscal Impact:

Savings of \$332,458 per year to state employee risk pool in biosimilar substitution

Summary:

SB 230 requires reporting from insurers and other areas of the pharmaceutical supply chain, changes the way patient assistance and other programs apply to member deductibles and copayments, requires substitution for brand name products with available generic products, requires substitution with biosimilar products when available, and creates rules for supplying marketing materials to health care providers.

PEHP currently requires preauthorization for some drugs. Reporting requirements on lines 260-268 will require a change to current systems. These changes can be met with 100 hours of labor at \$55 per hour (\$5,500). This increase can be performed within the current administrative budgets.

Lines 428-430 removes the ability of a health care provider or pharmaceutical manufacturer to waive or pay all or a portion of an enrollee's deductible, copayment, or coinsurance. However, non-profit organizations may still provide financial assistance to waive or pay a member's cost sharing requirements. PEHP would anticipate any amounts currently waived or paid by health care providers or pharmaceutical manufacturers would be replaced by these non-profit organizations.

Lines 477-492 create a reporting requirement to provide cost data on the top 25 drugs by post rebate spending and the top 25 drugs whose price increased the most from last year. We estimate this reporting will take 10 hours at \$55 per hour (\$550) and can be performed within the current administrative budgets.

Lines 749-751 make generic substitution a requirement when available. When available, a generic drug is used for 99.6% of current claims. The 0.4% of claims using a brand name drug when a generic is available include drugs for seizures and other drugs with

a narrow therapeutic index which the provider requested to dispense as written. We do not anticipate a cost or savings associated with this change.

Lines 824-828 require substitution of a biosimilar product. Currently, few biosimilar products are available. PEHP already requires substitution in some cases. Based on 2019 claims, requiring substitution of an available biosimilar product when available would save the state employee health risk pool \$332,458 per year.