

## **1<sup>st</sup> Sub SB 139 – Prescription Cost Amendments (Sen. Vickers)**

### **Anticipated Fiscal Impact for the State:**

**\$1,839,028**

### **Summary**

1<sup>st</sup> Sub 139 adds limits to the drugs to which the bill applies. Under SB 139, the estimated cost to the State Health Insurance Plan is \$2,202,726. Under 1<sup>st</sup> Sub SB 139, it is \$1,839,028.

By requiring PEHP to credit copay assistance from drug manufacturers to a member's deductible and out-of-pocket maximum, SB 139 increases costs to the State Health Insurance Plan in four ways.

First, PEHP would no longer be able to maximize available copay assistance for specialty drugs to offset plan costs. Currently PEHP does this by assigning different coinsurance amounts to specialty drugs based on the availability of copay assistance. This makes it possible to use copay assistance to reduce plan costs without increasing out-of-pocket expenses for members. The effect of SB 139 is to keep more money in the hands of drug manufacturers and less in the hands of the state.

Second, the same would be the case for brand name drugs.

Third, members on expensive drugs that enjoy high copay assistance will not have to pay for other medical services as they otherwise would. The effect of this is to make the health plan cover more than what the state's benefit plan was designed to provide.

Fourth, members who reach their maximum out-of-pocket tend to spend more when healthcare is "free" to them.

1<sup>st</sup> Sub 139 adds limits to the drugs to which the bill applies by removing from the bill: (1) interchangeable biological products and (2) drugs for which an alternative exists within the same therapeutic class.

We anticipate that these changes will have the following impact on the four areas above:

	SB 139	1 <sup>st</sup> Sub SB 139
Specialty Impact of Less Copay Assistance to Offset Plan Costs	\$1,365,189	\$1,187,796
Non-Specialty Impact of Less Copay Assistance to Offset Plan Costs	\$397,707	\$268,452
Cost shift to the Plan due to Specialty Drug Members Paying Less Out-of-Pocket for Remaining Medical Costs	\$382,052	\$332,496
Increased Utilization due to Reaching Maximum Out-of-Pocket	\$57,778	\$50,284
<b>Total</b>	<b>\$2,202,726</b>	<b>\$1,839,028</b>

1<sup>st</sup> SB 139 makes one further change that establishes the health plan deductible rather than the federal minimum plan deductible as the deductible that must be met before copay assistance can be applied to accumulators. The original fiscal note was prepared with this in mind as the two are within \$100 for single coverage and \$200 for couple and family, so there would no reductions from the original fiscal input for that.