

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: March 15, 2017

Agency Submitting: Public Employees' Benefits Program

Items of Revenue or Expense, or Both	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Effect on Future Biennia
Total	0	0	0	0

Explanation

(Use Additional Sheets of Attachments, if required)

If passed, PEBP's CDHP would be required to provide a 12-month supply of contraceptives (versus 30-90 days today), cover voluntary male sterilization at 100% (after deductible), and eliminate coinsurance requirements for multi-source contraceptives. PEBP's HMO plans will be required to eliminate copays for contraceptives and male sterilizations. Furthermore, no plan can impose any other restrictions or delays on the access of an insured to any such benefits, including, without limitation, a program of step therapy or prior authorization. Some of the dangers inherent in removing step therapy and pre-authorizations is removing clinically appropriate processes to protect the patient, as well as allow monitoring regularly of new prescriptions for health impact. Additionally, many plans (PEBP included) utilize cost controls on pharmacy drugs, requiring generic utilization on multi-source drugs with medical necessity exceptions to keep the overall plan affordable. The bill covers all forms of contraceptives at 100% plan paid, even though the Affordable Care Act (ACA) allows drugs with generic equivalents to have the generic covered at 100% and the brand not. And finally, the ACA also allows plans to charge higher than the 100% benefit for drugs purchased out-of-network (PEBP utilizes a 50% coinsurance today) to allow plans to maximize discounts and reduce the cost of healthcare to all members. This bill would indirectly incentivize brand name drug manufacturers and out-of-network providers to raise prices as the law would force plans to pay whatever the costs are. Although there will be a fiscal impact PEBP is unable to determine the cost, however expects the impact to be minimal.

Name Damon Haycock

Title Executive Officer

GOVERNOR'S OFFICE OF FINANCE COMMENTS

The agency's response appears reasonable.

Date Tuesday, March 07, 2017

Name Nikki Hovden

Title Exec. Branch Budget Officer