

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: March 14, 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 |
|--------------------------------------|---------------------|---------------------|---------------------|--------------------------|
| Self-Funded Claims (Expense) | | \$314,366 | \$336,372 | \$745,030 |
| Total | 0 | \$314,366 | \$336,372 | \$745,030 |

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.

Name Damon Haycock

Title Executive Officer

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Tuesday, March 07, 2017

The agency's response appears reasonable.

Name Nikki Hovden

Title Exec Branch Budget Officer

DESCRIPTION OF FISCAL EFFECT

BDR/Bill/Amendment Number: 38-817

Name of Agency: Public Employees' Benefits Program

Division/Department: _____

Date: March 7, 2017

BDR 38-817 would require health plans to provide a 12-month supply of contraceptives (versus 30-90 days today), cover voluntary male sterilization at 100% after deductible, and eliminate coinsurance and copayments. In addition, this bill requires that plans provide coverage for hormone replacement therapy without requiring step therapy or preauthorization as well as eliminating the requirement for copayments or coinsurance.

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This bill also requires plans to provide hormone replacement therapy at the same deductibles, without allowing for copayments or coinsurance be charged to the plan participants. There are sound reasons for requiring step therapy and prior authorizations. Eliminating some restrictions will likely lead to higher RX costs. This fiscal note provides data based on the CDHP which reflects \$226,000 in have been paid in copayments for hormone replacement therapy as of the first 6 months of the plan year (July 1, 2016 through December 31, 2016).

DESCRIPTION OF FISCAL EFFECTBDR/Bill/Amendment Number: BDR 38-817 SB233Name of Agency: Public Employees' Benefits Program

Division/Department: _____

Date: March 7, 2017

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Consumer Driven Health Plan Costs - Hormone Replacement Therapy

Payments made by plan participants in
the first 6 months Fiscal Year 2017

\$ 226,000.00

Trend forward to year end 30%

\$ 293,800.00

Utilizing the RX trend as included in the PEBP Budget at 7%

Fiscal Year 2018

\$ 314,366.00

Fiscal Year 2019

\$ 336,371.62

Future Biennia

Fiscal Year 2020

\$ 359,917.63

Fiscal Year 2021

\$ 385,111.87

Total for Future Biennia

\$ 745,029.50