

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 23, 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)				
Fully-Insured (Expense)				
PPO RX Rebates (Revenue)		(\$1,074,329)	(\$1,289,195)	(\$3,403,474)
Total	0	(\$1,074,329)	(\$1,289,195)	(\$3,403,474)

Explanation

(Use Additional Sheets of Attachments, if required)

BDR 40-809 requires an insurer that receives reimbursements from prescription drug manufacturers to refund any deductible paid by an insured for prescription drugs. The Public Employees' Benefits Program receives manufacturer rebates through its Pharmacy Benefits Manager and are a revenue source used to offset employer and employee contributions. Rebates in the last 3 years were \$734,340 in FY14, \$496,268 in FY15 and \$895,274 in FY16. PEBP believes the revenue stream from the PPO RX Rebates will increase over the next biennium by approximately 20% per year. The requirements of the BDR will result in a reduction to its revenue from rebates requiring a similar increase in employer and employee contributions or a reduction to plan benefits to offset the loss of revenue.

Name Damon Haycock

Title Executive Officer

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Monday, March 13, 2017

The agency's response appears reasonable.

Name Nikki Hovden

Title Exec. Branch Budget Officer