BDR 57-330
AB 440

EXECUTIVE AGENCY

FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 12, 2023

Agency Submitting: Public Employees' Benefits Program

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
Reduction of Rebates (Expense)		$7,000,000	$7,000,000	$14,000,000
Total	0	$7,000,000	$7,000,000	$14,000,000

Explanation (Use Additional Sheets of Attachments, if required)

Public Employees' Benefits Program (PEBP) has analyzed this bill and believes section 2b will lead to a fiscal impact on the agency. PEBP spreads the cost of care throughout the entire covered populations in the form of premiums. Premiums are set to ensure the cost of medical care and prescription drugs are covered throughout the plan year. PEBP uses the same methodology for rebates. Rebates are passed from the PBM to the plan, which are used to reduce the cost of claims and are therefore spread throughout the entire population, not just to those who generated the rebates. This requirement will likely affect PEBP's high deductible plan the most and will reduce the rebates that come back to the plan significantly. PEBP has received an estimated impact of $3.5M-$7M per year.

Name Laura Rich

Title Executive officer

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Friday, April 07, 2023

The agency's response appears reasonable.

Name Amy Stephenson

Title Director