



Senate

General Assembly

February Session, 2000

File No. 197

Senate Bill No. 582

Senate, March 22, 2000

The Committee on Insurance and Real Estate reported through SEN. BOZEK of the 6th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

An Act Concerning Restrictive Formularies In Health Plans.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) Each individual health insurance policy providing
2 coverage of the type specified in subdivisions (1), (2), (4), (11) and (12)
3 of section 38a-469 of the general statutes delivered, issued for delivery,
4 renewed or continued in this state on or after October 1, 2000, that
5 provides coverage for outpatient prescription drugs and uses a drug
6 formulary or imposes limits on the availability of prescription drugs
7 shall provide reasonable access and reasonable coverage for all
8 prescription drugs and shall provide access to all classifications of
9 prescription drugs within the drug formulary.

10 Sec. 2. (NEW) Each group health insurance policy providing
11 coverage of the type specified in subdivisions (1), (2), (4), (11) and (12)
12 of section 38a-469 of the general statutes delivered, issued for delivery,
13 renewed or continued in this state on or after October 1, 2000, that
14 provides coverage for outpatient prescription drugs and uses a drug

15 formulary or imposes limits on the availability of prescription drugs
16 shall provide reasonable access and reasonable coverage for all
17 prescription drugs and shall provide access to all classifications of
18 prescription drugs within the drug formulary.

INS Committee Vote: Yea 14 Nay 3 JF

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Potential Future Cost

Affected Agencies: Department of Insurance

Municipal Impact: Potential Future Cost

Explanation**State Impact:**

Managed care companies with restrictive drug formularies may incur additional coverage costs as a result of the passage of this bill. The bill requires health insurers with restrictive drug formularies to provide reasonable access and coverage for all prescription drugs and all drugs within the drug formulary. Health care companies have restrictive drug formularies to control health care costs. A potential future cost could result for state health plans and Medicaid plans that contract with managed care companies.

Municipal Impact:

To the extent that municipalities contract with managed care companies that have restrictive drug formularies, the requirement of reasonable access and coverage for all prescription drugs could result in potential future costs for municipal health plans.

OLR Bill Analysis

SB 582

AN ACT CONCERNING RESTRICTIVE FORMULARIES IN HEALTH PLANS.**SUMMARY:**

Beginning October 1, 2000, this bill requires individual and group health insurance policies that are delivered, issued for delivery, renewed, or continued in Connecticut that use a prescription drug formulary or impose limits on the availability of prescription drugs to permit reasonable access to and coverage for all prescription drugs, including all classifications of prescription drugs within the formulary. (A prescription drug formulary is an (insurer's list of preferred drugs that may include both brand name and generic drugs).

The bill does not define what "reasonable access" or "reasonable coverage" means.

The requirement applies to hospital and medical service plans offered by HMOs and health insurance policies that offer the following types of coverage: (1) basic hospital expense, (2) basic medical-surgical expense, (3) major medical expense, and (4) hospital or medical expense.

EFFECTIVE DATE: October 1, 2000

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Report

Yea 14 Nay 3