



# House of Representatives

General Assembly

**File No. 283**

*January Session, 2001*

Substitute House Bill No. 5639

*House of Representatives, April 12, 2001*

The Committee on Insurance and Real Estate reported through REP. JARJURA of the 74th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING THE USE OF DRUG FORMULARIES BY HEALTH INSURERS.**

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

1 Section 1. (NEW) (a) Subject to subsection (b) of this section, each  
2 individual health insurance policy providing coverage of the type  
3 specified in subdivisions (1), (2), (4), (11) and (12) of section 38a-469 of  
4 the general statutes delivered, issued for delivery, amended, renewed  
5 or continued in this state on or after October 1, 2001, that provides  
6 coverage for outpatient prescription drugs pursuant to a list of covered  
7 drugs or that otherwise imposes limits on the availability of  
8 prescription drugs shall provide benefits for all medically necessary  
9 prescription drugs for up to ten calendar days, or until an appeal of a  
10 decision to deny coverage is completed, whichever is earlier.

11 (b) Such benefits shall only be provided if (1) an insured is denied  
12 coverage for a prescription drug and an appeal of the denial is initiated  
13 by the insured or on behalf of the insured, or (2) the prescription drug

14 is prescribed by an emergency room physician pursuant to treatment  
15 in an emergency room.

16 Sec. 2. (NEW) (a) Subject to subsection (b) of this section, each group  
17 health insurance policy providing coverage of the type specified in  
18 subdivisions (1), (2), (4), (11) and (12) of section 38a-469 of the general  
19 statutes delivered, issued for delivery, amended, renewed or  
20 continued in this state on or after October 1, 2001, that provides  
21 coverage for outpatient prescription drugs pursuant to a list of covered  
22 drugs or that otherwise imposes limits on the availability of  
23 prescription drugs shall provide benefits for all medically necessary  
24 prescription drugs for up to ten calendar days, or until an appeal of a  
25 decision to deny coverage is completed, whichever is earlier.

26 (b) Such benefits shall only be provided if (1) an insured is denied  
27 coverage for a prescription drug and an appeal of the denial is initiated  
28 by the insured or on behalf of the insured, or (2) the prescription drug  
29 is prescribed by an emergency room physician pursuant to treatment  
30 in an emergency room.

**INS**            **JOINT FAVORABLE SUBST.**

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:

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**OFA Fiscal Note**

**State Impact:** None

**Affected Agencies:** None

**Municipal Impact:** Potential Cost

**Explanation**

**State Impact:**

The bill requires individual and group health insurance policies that are issued, delivered, and renewed in this state on or after October 1, 2001 that provide coverage for outpatient prescription drugs pursuant to a list of covered drugs, shall provide benefits for all medically necessary prescription drugs for up to ten calendar days, or until an appeal of a decision to deny coverage is completed whichever is earlier. There is no fiscal impact to the state. State Health plans do not use drug formularies.

**Municipal Impact:**

To the extent that municipalities do not provide coverage for medically necessary outpatient prescription drugs for up to ten days or until an appeal of a decision to deny coverage is completed, there may be increased costs to provide it. The bill's impact on municipalities depends upon how many municipalities provide this coverage and if they utilize drug formularies. The number of municipalities that provide this coverage and have drug formularies cannot be

determined at this time.

**OLR Bill Analysis**

sHB 5639

***AN ACT CONCERNING THE USE OF DRUG FORMULARIES BY HEALTH INSURERS.*****SUMMARY:**

This bill creates two exceptions to the use of formularies (lists of authorized drugs) or other restrictions on the availability of prescription drug coverage. The bill requires certain individual and group policies that cover outpatient prescription drugs to cover all medically necessary prescription drugs for 10 calendar days, or until an appeal of a decision to deny coverage is completed, whichever is earlier.

The requirement applies only when (1) an emergency room doctor treating the insured prescribes the prescription drug or (2) the insured is denied prescription drug coverage and initiates an appeal of the denial.

EFFECTIVE DATE: October 1, 2001

**INDIVIDUAL AND GROUP POLICIES*****Types of Policies Affected***

Beginning October 1, 2001, the prescription drug requirement applies to (1) basic hospital, (2) basic medical-surgical, (3) major medical expenses policies, (4) hospital or medical service plan contracts, and (5) HMO subscriber agreements that are delivered, issued for delivery, amended, renewed, or continued in the state.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable Substitute  
Yea 11    Nay 7