



Senate

General Assembly

File No. 3

February Session, 2010

Substitute Senate Bill No. 15

Senate, March 3, 2010

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING PRESCRIPTION DRUG COPAYMENTS.

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

1 Section 1. Section 38a-510 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective January 1, 2011*):

3 [(a)] No health insurance policy issued on an individual basis,
4 whether issued by an insurance company, a hospital service
5 corporation, a medical service corporation or a health care center,
6 [which] that provides coverage for prescription drugs may: [require]

7 (1) Require any person covered under such policy to obtain
8 prescription drugs from a mail order pharmacy as a condition of
9 obtaining benefits for such drugs; or

10 (2) Impose (A) any copayment, reimbursement amount, number of
11 days of a drug supply for which reimbursement is allowed under such
12 policy or any other payment or condition for prescription drugs
13 obtained from an in-network or out-of-network retail pharmacy that is

14 more restrictive than that imposed on prescription drugs obtained
15 from another retail pharmacy, or (B) a monetary advantage or penalty
16 under such policy that could affect an insured's choice of pharmacy,
17 including, but not limited to, a higher copayment, a reduction in
18 reimbursement or promotion of one participating provider pharmacy
19 over another by such methods.

20 [(b) The provisions of this section shall apply to any such policy
21 delivered, issued for delivery, renewed, amended or continued in this
22 state on or after July 1, 2005.]

23 Sec. 2. Section 38a-544 of the general statutes is repealed and the
24 following is substituted in lieu thereof (*Effective January 1, 2011*):

25 [(a)] No medical benefits contract on a group basis, whether issued
26 by an insurance company, a hospital service corporation, a medical
27 service corporation or a health care center, [which] that provides
28 coverage for prescription drugs may: [require]

29 (1) Require any person covered under such contract to obtain
30 prescription drugs from a mail order pharmacy as a condition of
31 obtaining benefits for such drugs; or

32 (2) Impose (A) any copayment, reimbursement amount, number of
33 days of a drug supply for which reimbursement is allowed under such
34 policy or any other payment or condition for prescription drugs
35 obtained from an in-network or out-of-network retail pharmacy that is
36 more restrictive than that imposed on prescription drugs obtained
37 from another retail pharmacy, or (B) a monetary advantage or penalty
38 under such policy that could affect an insured's choice of pharmacy,
39 including, but not limited to, a higher copayment, a reduction in
40 reimbursement or promotion of one participating provider pharmacy
41 over another by such methods.

42 [(b) The provisions of this section shall apply to any such medical
43 benefits contract delivered, issued for delivery or renewed in this state
44 on or after July 1, 1989.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2011</i>	38a-510
Sec. 2	<i>January 1, 2011</i>	38a-544

INS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 11 \$	FY 12 \$
Various Municipalities	STATE MANDATE - Cost	Potential	Potential

Explanation

This bill results in no fiscal impact to the state because the current state employee health plan and pharmacy benefit manager permit plan members to fill a 90-day prescription at either their local retail pharmacy or by mail for the same copayment.

The bill's provisions may increase costs to certain fully insured municipal plans which offer discounted copayments for prescriptions filled through the mail order pharmacy in comparison to the local retail pharmacy. The Municipal Employees Health Insurance Plan, (MEHIP) administered by the State Comptroller, is one example of a health plan which currently differentiates between prescription vendors, offering a 3-month mail-order supply for a reduced copayment 50 percent less than a retail pharmacy. In cases where plan sponsors are able to secure more favorable pricing for prescriptions dispensed by mail rather than through retail, this mandate would prohibit plans from offering lower copayments to incentivize greater participant utilization of the lower cost option. Under current law, plan members cannot be required to obtain their prescription drugs from a mail order pharmacy as a condition of the benefit.

The coverage requirements of the bill may result in increased

premium costs when municipalities enter into new health insurance contracts if those plans are unable to control pharmacy costs by obtaining favorable pricing of prescriptions. It should be noted that employers currently are not required to provide a pharmacy benefit as part of their health coverage plan. Due to federal law, municipalities with self-insured health plans are exempt from state health insurance benefit mandates.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Sources: Office of the State Comptroller, Municipal Employees Health Insurance Plan (MEHIP) Schedule of Benefits, Public Hearing Testimony (2/11/10), State Employee Health Plan Subscriber Agreement.

OLR Bill Analysis**sSB 15*****AN ACT CONCERNING PRESCRIPTION DRUG COPAYMENTS.*****SUMMARY:**

This bill prohibits certain health insurance policies and medical contracts from imposing payment provisions or conditions (e.g., copayment, reimbursement amount, number of doses) for prescriptions obtained from one retail pharmacy that are more restrictive than those imposed for prescriptions obtained from another retail pharmacy. The bill applies to individual health insurance policies and group medical benefits contracts covering prescription drugs that insurers, hospital or medical service corporations, or HMOs issue.

It also prohibits such policies and contracts from providing a monetary incentive or imposing a monetary penalty (e.g., higher copayments or reduced reimbursement amounts to promote one participating pharmacy over another) that could affect an insured person's choice of pharmacy.

The bill also makes technical changes.

EFFECTIVE DATE: January 1, 2011

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 16 Nay 2 (02/16/2010)