



# Senate

General Assembly

**File No. 10**

January Session, 2011

Senate Bill No. 13

*Senate, February 22, 2011*

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 bill ought to pass.

## ***AN ACT CONCERNING COPAYMENTS FOR DRUGS.***

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 Section 38a-510 of the general statutes is repealed and the  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, 2012*):

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;

10 (2) Impose any copayment, reimbursement amount, number of days  
11 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 a retail pharmacy that is more restrictive than that

14 imposed on prescription drugs obtained from a mail order pharmacy;  
15 or

16 (3) Impose a monetary advantage or penalty under such policy that  
17 could affect an insured's choice of pharmacies, including, but not  
18 limited to, a higher copayment, a reduction in reimbursement or  
19 promotion of one participating pharmacy over another by such  
20 methods.

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

24 Sec. 2. Section 38a-544 of the general statutes is repealed and the  
25 following is substituted in lieu thereof (*Effective January 1, 2012*):

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

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

33 (2) Impose any copayment, reimbursement amount, number of days  
34 of a drug supply for which reimbursement is allowed under such  
35 contract or any other payment or condition for prescription drugs  
36 obtained from a retail pharmacy that is more restrictive than that  
37 imposed on prescription drugs obtained from a mail order pharmacy;  
38 or

39 (3) Impose a monetary advantage or penalty under such contract  
40 that could affect an insured's choice of pharmacies, including, but not  
41 limited to, a higher copayment, a reduction in reimbursement or  
42 promotion of one participating pharmacy over another by such  
43 methods.

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

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>January 1, 2012</i>	38a-510
Sec. 2	<i>January 1, 2012</i>	38a-544

**INS**      *Joint Favorable*

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.

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 12 \$</b>	<b>FY 13 \$</b>
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; 30 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***

Many municipal health plans are recognized as “grandfathered” health plans under the Patient Protection and Affordability Act (PPACA)<sup>1</sup>. It is unclear what effect the adoption of health mandates will have on the grandfathered status of certain municipal plans PPACA<sup>2</sup>.

*Sources: Office of the State Comptroller, Municipal Employees Health Insurance Plan (MEHIP) Schedule of Benefits, State Employee Health Plan Subscriber Agreement.*

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<sup>1</sup> Grandfathered plans include most group insurance plans and some individual health plans created or purchased on or before March 23, 2010. Pursuant to the PPACA, all health plans, including those with grandfathered status are required to provide the following as of September 23, 2010: 1) No lifetime limits on coverage, 2) No rescissions of coverage when individual gets sick or has previously made an unintentional error on an application, and 3) Extension of parents’ coverage to young adults until age 26. ([www.healthcare.gov](http://www.healthcare.gov))

<sup>2</sup> According to the PPACA, compared to the plans’ policies as of March 23, 2010, grandfathered plans who make any of the following changes within a certain margin may lose their grandfathered status: 1) Significantly cut or reduce benefits, 2) Raise co-insurance charges, 3) Significantly raise co-payment charges, 4) Significantly raise deductibles, 5) Significantly lower employer contributions, and 5) Add or tighten annual limits on what insurer pays. ([www.healthcare.gov](http://www.healthcare.gov))

**OLR Bill Analysis****SB 13*****AN ACT CONCERNING COPAYMENTS FOR DRUGS.*****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 a retail pharmacy that are more restrictive than those imposed for prescriptions obtained from a mail order 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.

Lastly, current law prohibits certain policies and contracts from requiring a person to obtain prescription drugs from a mail order pharmacy. The bill removes the prohibition for (1) individual health insurance policies renewed, amended, or continued in the state and (2) group medical benefits contracts renewed in the state. It leaves the prohibition in place for individual policies and group contracts covering prescription drugs that insurers, hospital or medical service corporations, or HMOs issue.

EFFECTIVE DATE: January 1, 2012

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 11 Nay 7 (02/08/2011)