



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony Insurance and Real Estate Committee March 10, 2016

House Bill No. 5517 An Act Concerning Cost-Sharing for Prescription Drugs.

Senator Crisco, Representative Megna, Ranking Members, and members of the Insurance and Real Estate Committee, the Insurance Department appreciates the opportunity to submit written testimony on **House Bill No. 5517 An Act Concerning Cost-Sharing for Prescription Drugs**. Generally, this bill limits out-of-pocket expenses for covered prescription drugs to \$100 per each thirty-day supply.

While the Connecticut Insurance Department appreciates the intent of this bill, it cautions the Insurance and Real Estate Committee on placing such limitations on cost-sharing. Any limitations on cost-sharing for specific benefits will generally require higher cost-sharing for other benefits or an increase in the overall deductible for a plan. The Affordable Care Act requires all plans in the individual and small group markets to meet specific actuarial values within the four metal tiers. The impact of limiting cost-sharing is especially significant for a bronze plan for which the actuarial value must be between 58% and 62%. Bronze plans in the market place are currently at annual deductibles in excess of \$5,000.

Since prescription drug costs are increasing at a higher rate than other medical costs, the impact of limiting the out of pocket amount for prescription drugs, especially the deductible, to \$100, will have a significant impact not only on the actuarial value of the plan, but also on premium rates that consumers will be charged.

The Department thanks the Insurance and Real Estate Committee Chairs and members for the opportunity to submit testimony on H.B. 5517.

About the Connecticut Insurance Department: The mission of the Connecticut Insurance Department is to protect consumers through regulation of the industry, outreach, education and advocacy. The Department recovers an average of more than \$4 million yearly on behalf of consumers and regulates the industry by ensuring carriers adhere to state insurance laws and regulations and are financially solvent to pay claims. The Department's annual budget is funded through assessments from the insurance industry. For every dollar of direct expense, the Department brings in about \$7.45 to the state in revenues. Each year, the Department returns more than \$215 million in assessments, fees and penalties to the state's General Fund.