

## OFFICE OF FISCAL ANALYSIS

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SB-197

AN ACT CONCERNING BIOLOGICAL PRODUCTS.

As Amended by Senate "A" (LCO 5020)

Senate Calendar No.: 80

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### ***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

### ***Explanation***

The substitution provisions of the bill are not anticipated to result in a fiscal impact to the state employee or retiree health plan in FY 19 and FY 20 because biological product substitutions are not anticipated given (1) the structure of the pharmacy benefit and (2) the availability of interchangeable biologics in the market. Under the state employee and retiree plan's four-tiered structure (preferred generic, generic, brand, and preferred brand) currently available biologics are in the preferred brand tier with identical out-of-pocket costs to the consumers. As such, the structure of the pharmacy plan and current classification of available biologics do not provide for savings to be passed on to the consumer (e.g. purchaser), which is a condition of substitution in subsection (h) of the bill. The provisions of the bill are not anticipated to result in a fiscal impact to municipal health plans in the near term.

There is no cost to DCP to adopt regulations regarding substituting biological products as the agency has expertise in this area.

Senate "A" (1) made changes to the notice requirements, (2)

eliminated the temporary prohibition on mail order delivery for interchangeable biological products and (3) eliminated the requirement that the Department of Consumer Protection (DCP) conduct a study on mail order for interchangeable biological products. Senate "A" eliminated the cost to DCP and eliminated the potential impact related to prohibiting mail order for the state and municipal health plans. Senate "A" results in the fiscal impact described herein.

### ***The Out Years***

The fiscal impact to the state and municipal health plans in the out years will depend on (1) the availability of interchangeable biologic products in the marketplace and (2) their classification under the pharmacy benefit portion of the state and municipal health plans.

*The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does 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.*