

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200
Hartford, CT 06106 ◊ (860) 240-0200
<http://www.cga.ct.gov/ofa>

sHB-6096

AN ACT LIMITING CHANGES TO PRESCRIPTION DRUG FORMULARIES AND LISTS OF COVERED DRUGS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
State Comptroller - Fringe Benefits (State Employee and Retiree Health Plan)	GF&TF - Cost	Approximately \$3.7 million	Approximately \$7.4 million

Note: GF&TF=General Fund & Transportation Fund

Municipal Impact:

Municipalities	Effect	FY 20 \$	FY 21 \$
Various Municipalities	STATE MANDATE ¹ - Cost	See Below	See Below

Explanation

The bill will result in cost to the state employee and retiree health plan of \$3.7 million in FY 20 and an annualized cost of approximately \$7.4 million from prohibiting the pharmacy benefit manager (PBM) from reclassifying a brand name drug unless a generic is provided in a lower cost tier. ² Pursuant to the SEBAC 2017 Agreement the state has a four tiered pharmacy benefit: preferred generic, generic, preferred brand and non-preferred brand. The bill precludes reclassifying brand name drugs on the preferred drug list/formulary drug a plan year.

¹ State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

² The impact to the state plan includes the estimated annual impact of pharmacy rebates of \$3 million.

Primary Analyst: HW
Contributing Analyst(s):
Reviewer: RJW

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The bill will increase costs to certain non-grandfathered fully-insured municipal plans to comply with the provisions of the bill. The coverage requirements will result in increased premium costs when municipalities enter into new health insurance contracts after January 1, 2017. Pursuant to federal law, self-insured health plans are exempt from state health mandates.³

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in available drugs and drug formularies.

³ The state employee plan is a self-insured plan, however the plan has historically adopted all health insurance mandates.