

# State Corporation Commission

## 2013 Fiscal Impact Statement

**1. Bill Number:** SB947

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Puller

**3. Committee:** Commerce and Labor

**4. Title:** Health insurance; modification of prescription drug coverage.

**5. Summary:** Health insurance; modification of prescription drug coverage. Prohibits a health insurer, corporation providing accident and sickness subscription contracts, or health maintenance organization from making certain modifications in prescription drug coverage unless (i) the modification occurs at the time of coverage renewal; (ii) the modification is effective on a uniform basis among all policyholders, contract holders, or subscribers of identical or substantially identical policies, contracts, or plans; and (iii) the insurer, corporation, or health maintenance organization notifies affected insureds, subscribers, or members of the modification not later than 60 days before the date the modification is effective. The bill applies to insurers, health services plans and health maintenance organizations whose policy, contract, or plan, including any certificate or evidence of coverage, includes coverage for prescription drugs and utilizes a formulary. Subsection A provides that the insurer, corporation or HMO is prohibited from modifying coverage for prescription drugs unless (1) the modification occurs at the time of coverage renewal; (2) the modification is effective on a uniform basis among all group policyholders, contract holders, or subscribers of identical or substantially identical group policies, contracts, or plans or all individuals covered by the identical or substantially identical policies, contracts or plans, and (3) the insurer, corporation or HMO notifies each affected insured, subscriber or member of the modification of coverage for prescription drugs 60 days before the modification is effective on an approved form. Subsection A only applies to a modification of coverage for prescription drugs that (1) removes a drug from the formulary; (2) adds a requirement that a covered person receive prior authorization for a drug; (3) imposes or alters a quantity limit for a drug; (4) imposes a step-therapy restriction; or (5) moves a drug to a higher cost-sharing tier. The insurer, corporation, or HMO can offer any person entitled to receive the notice of modification of coverage the option of receiving the notice by email.

**6. Budget amendment necessary:** No

**7. Fiscal Impact Estimates:** No fiscal impact on the State Corporation Commission

**8. Fiscal implications:** None on the State Corporation Commission

**9. Specific agency or political subdivisions affected:** State Corporation Commission Bureau of Insurance

**10. Technical amendment necessary:** No

**11. Other comments:** Senate Bill 947 requires approval by the State Corporation Commission Bureau of Insurance of the form that will be used to inform group policyholders and individuals of the modification of coverage for prescription drugs.

**Date:** 01/26/13/V. Tompkins

**cc:** Secretary of Commerce and Trade  
Secretary of Health and Human Resources