

State Corporation Commission

2014 Fiscal Impact Statement

1. Bill Number: HB308

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Dance

3. Committee: Passed Both Houses

4. Title: Health insurance; prescription drugs; formularies.

5. Summary: Health insurance; prescription drugs; formularies. Requires any health insurer, corporation providing individual or group accident and sickness subscription contracts, or health maintenance organization that applies a formulary to prescription drug benefits provided under its policy, contract, or plan to provide to each affected group health benefit plan policyholder or contract holder or each affected individual health benefit plan policyholder or contract holder not less than 30 days' prior written notice of a modification to a formulary that results in the movement of a prescription drug to a tier with higher cost-sharing requirements. This requirement does not apply to modifications that occur at the time of coverage renewal.

6. Budget amendment necessary: No

7. Fiscal Impact Estimates: Final; 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: Insurers who use prescription drug formularies revise their formularies at various times throughout the year. Formulary changes may cause a drug to fall into a different formulary tier (the cost of the drug may increase or decrease) or the drug may be removed from the formulary and not be covered at all.

The measure provides the covered person and the group policy/contract holder not less than 30 days' advance notice of a drug tier change which would cause an increased cost share to the person and also exempts modifications at the time of coverage renewal from this notice requirement.

House Bill 308 is identical to Senate Bill 201.

Date: 02/27/14/V. Tompkins
cc: Secretary of Health and Human Resources