

State Corporation Commission

2014 Fiscal Impact Statement

1. Bill Number: SB201

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

2. Patron: Puller

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 not less than 30 days' written notice before making a modification to a drug formulary that moves a prescription drug to a tier with higher cost-sharing requirements.

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 substitute to Senate Bill 201 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.

Senate Bill 201 is identical to House Bill 308.

Date: 02/26/14/V. Tompkins

cc: Secretary of Health and Human Resources