

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: SB 404

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

2. Patron: Locke, Mamie E.

3. Committee: Education and Health

4. Title: Medical assistance; health insurance, payment for prescription contraceptives

5. Summary: The proposed legislation requires the State Board of Medical Assistance Services to include in its state plan for medical assistance a provision for the payment of medical assistance for any prescribed drug or device approved by the United States Food and Drug Administration (FDA) for use as a contraceptive and requires such provision to provide payments to dispensers for dispensing of prescription contraceptives intended to last for a 12-month period.

The bill also requires health carriers that cover prescription contraceptives to reimburse their dispenser for dispensing of prescription contraceptives, provided under a health benefit plan, intended to last for a 12-month period. The requirement on health carries applies to health benefit plans delivered, issued for delivery, or renewed in the Commonwealth on and after July 1, 2016.

6. Budget Amendment Necessary: Yes

7. Fiscal Impact Estimates: Preliminary. The expenditure impact below only reflects the estimated cost on the Department of Medical Assistance Services (DMAS). Analysis is still being conducted as to the impact on state health plans and this statement will be revised once an impact is determined.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2016			
2017	\$1,351,000	-	General
2018	\$1,418,550	-	General
2019	\$1,489,478	-	General
2020	\$1,563,951	-	General
2021	\$1,642,149	-	General
2022	\$1,724,256	-	General

8. Fiscal Implications:

Department of Medical Assistance Services

It is estimated that contraceptive costs would increase under the provisions of this bill as 12 month supplies of all FDA approved contraceptives would be required to be dispensed. Members who lose eligibility may still have multiple months of a contraceptive paid for by the Department of Medical Assistance Services (DMAS). On average more than 32,000 Medicaid and FAMIS member dis-enroll each month including those turning 19, those initially eligible because of a pregnancy and now ineligible after the delivery and the post-partum period, and those from the Plan First family planning program. With the legislation, many of those would have had birth control paid into the subsequent months. Using 2015 fee for service claims data and managed care prevalence in each eligibility category, DMAS calculated the average per person, per month usage of birth control. DMAS assumed those leaving most eligibility categories would have an additional four months of birth control outstanding and those that leave pregnant women aid categories would have an additional nine months of birth control. Using the average number of members dis-enrolling each month, DMAS estimates \$1,351,000 would be spent in FY 2017 for additional birth control. As these are for individuals no longer enrolled, DMAS assumes that Centers for Medicare and Medicaid Services (CMS) would require DMAS to refund the federal government for the amount that they had initially contributed for the reimbursement of the birth control. Growth in the new expenditures is estimated to be five percent.

State Employee Health Plan

The provisions of the proposed bill are also applicable to the state employee health plan. The Department of Human Resources Management is currently assessing the bill's impact and cost. This fiscal impact statement will be revised once additional information is provided.

9. Specific Agency or Political Subdivisions Affected:

Department of Medical Assistance Services

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/26/16