

****REVISED****
State Corporation Commission
2017 Fiscal Impact Statement

1. Bill Number: HB2267

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

2. Patron: Filler-Corn

3. Committee: Passed Both Houses

4. Title: Health benefit plans; coverage for hormonal contraceptives.

5. Summary: Health benefit plans; coverage for hormonal contraceptives. Requires any health benefit plan that is amended, renewed, or delivered on or after January 1, 2018, that provides coverage for hormonal contraceptives to cover up to a 12-month supply of hormonal contraceptives when dispensed or furnished at one time for a covered person by a provider or pharmacy or at a location licensed or otherwise authorized to dispense drugs or supplies. Such a plan is prohibited, in the absence of clinical contraindications, from imposing utilization controls or other forms of medical management limiting the supply of hormonal contraceptives that may be dispensed or furnished by a provider or pharmacy, or at a location licensed or otherwise authorized to dispense drugs or supplies, to an amount that is less than a 12-month supply. The measure does not require a provider to prescribe, furnish, or dispense 12 months of self-administered hormonal contraceptives at one time. The measure also provides that it shall not be construed to exclude coverage for hormonal contraceptives as prescribed by a provider for reasons other than contraceptive purposes, such as decreasing the risk of ovarian cancer or eliminating symptoms of menopause, or for contraception that is necessary to preserve the life or health of an enrollee.

6. Budget amendment necessary: No

7. Fiscal Impact Estimates: No Fiscal Impact on the State Corporation Commission; according to the Department of Human Resource Management (DHRM), the fiscal impact estimate is indeterminate – see Line 8.

8. Fiscal implications: There is no fiscal impact on the State Corporation Commission. However, according to DHRM, this legislation creates an opportunity for waste as members may lose their medication or change therapy after receiving a prescription fill/refill. While lost medication and therapy changes can occur at any time, allowing members to stock so much medication at once creates a larger opportunity for waste in those circumstances.

The Commonwealth's insurance carrier indicated that for every one percent (1%) of waste that is created, the state's health insurance plan costs would increase by \$56,000. This amount is scalable such that if two percent (2%) of waste is created, the cost would double to \$112,000. These amounts are provided for informational purposes as neither DHRM nor the Commonwealth's insurance carrier can currently estimate how much waste will occur, because they do not have a predictive tool to accurately project additional medication waste.

Current health insurance fund splits assume that the general fund share of any cost increase to the plan is approximately 41%. Therefore, approximately 41 % of any increased costs due to additional waste would be paid by the general fund. At this time, the potential amount of incremental waste is unknown; therefore the fiscal impact of this legislation is indeterminate.

10. Technical amendment necessary: No

11. Other comments: The State Corporation Commission Bureau of Insurance offered the patron comments on House Bill 2267, which were included in the amendment in the nature of a substitute to the bill.

During the 2016 session, two bills were introduced requiring health carriers to pay for a 12-month supply of prescription contraceptives. Senate Bill 404 required Medicaid to reimburse for a 12-month supply of any prescribed drug or device approved by the FDA as a contraceptive. That bill was amended to be identical to House Bill 592 that required coverage for a 12-month supply of generic prescription oral contraceptives for plans that cover generic prescription oral contraceptives. The provisions did not apply to the state employee health plan. Senate Bill 404 was passed by indefinitely in the Senate Education and Health Committee, and House Bill 592 was left in House Commerce and Labor. Several states have implemented laws requiring that a one-year supply of prescription contraceptives be provided through their Medicaid programs. Additionally, several states added this requirement to private insurance as well.

House Bill 2267 does not address cost-sharing for the 12-month supply. However, under Virginia Code § 38.2-3442, coverage for preventive care services from in-network providers, including coverage for each FDA-approved contraceptive method for women, must be provided with no cost-sharing for non-grandfathered health benefit plans. If not available in-network, these services must be covered out-of-network at no cost sharing. Religious employer entities and grandfathered plans whose coverage does not include coverage of hormonal contraceptives would not be required to cover the 12-month supply under this section. Additionally, a grandfathered plan is able to apply cost-sharing to the 12-month supply.

Date: 02/28/17/V. Tompkins