

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

1. Bill Number: SB1166

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

2. Patron: Reeves

3. Committee: Commerce and Labor

4. Title: Insurance; preauthorization for abuse abuse-deterrent opioids.

5. Summary: Insurance; preauthorization for abuse abuse-deterrent opioids. Requires any health carrier offering a health benefit plan that covers prescription drugs and applies a formulary to such coverage to offer in its formulary at least two classes of abuse-deterrent opioids as a tier 1 option that does not require the prescribing provider to utilize a preauthorization process.

6. Budget amendment necessary: Yes per the Department of Human Resource Management – Item 475 (Compensation and Benefit Adjustments)

7. Fiscal Impact Estimates: No Fiscal Impact on the State Corporation Commission. For the Department of Human Resource Management (DHRM), estimates are Preliminary – see Line 8.

7a. Expenditure Impact: DHRM

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017			
2018	\$11,070	General	
2019	\$11,070	General	
2020	\$11,070	General	
2021	\$11,070	General	
2022	\$11,070	General	
2023	\$11,070	General	

8. Fiscal implications: There are no fiscal implications on the State Corporation Commission. Based on data provided by the state's health insurance carriers to DHRM, the proposed legislation would require DHRM to add another abuse-deterrent opioid to tier 1 coverage and would preclude prior authorization on both tier 1 opioids that would result in an annual fiscal impact of approximately \$27,000 beginning in fiscal year 2018 to the state health plan. Assuming the general fund share of the state health insurance plan is 41%, the estimated annual general fund cost is \$11,070. The general fund portion of costs associated with the employer's share of premiums paid for the state's health plan would have to be adjusted as a result of this legislation; therefore, a budget amendment is required.

9. Specific agency or political subdivisions affected: Department of Human Resource Management and Administration of Health Insurance; State Corporation Commission Bureau of Insurance

10. Technical amendment necessary: No

11. Other comments: There have been two house joint resolutions enacted in Virginia in 2015 (HJR 630) and 2016 (HJR 45) which directed the Health Insurance Reform Commission (HIRC) to study/continue studying mandating health insurance coverage for abuse-deterrent formulations (ADFs) for opioids. HIRC heard testimony from proponents that insurers are impeding access to ADFs by imposing cost or benefit related restrictions on the drugs, such as step therapy. Proponents were concerned about the length of time without appropriate medication that step therapy protocols impose on patients. Insurer representatives testified that ADFs are also addictive and cost more than the non-ADFs. The prescription monitoring system in Virginia was recommended as a more effective method for addressing the issue of addiction to opioids. The State Corporation Commission Bureau of Insurance in its role as support staff to the commission advised HIRC members of a possible cost to Virginia if a new health mandated benefit was enacted in the Commonwealth.

Date: 01/27/17/V. Tompkins