Department of Planning and Budget
2015 Fiscal Impact Statement

1. **Bill Number:** SB1394

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

2. **Patron:** Dance

3. **Committee:** Commerce and Labor

4. **Title:** Prescription drugs; specialty tier coverage.

5. **Summary:** Imposes dollar limits on the practice of prescription drug cost-sharing known as specialty tiers. Enrollees' coinsurance or copayment fees for specialty tier drugs will be limited to $100 per month for up to a 30-day supply of any single specialty tier drug, which limits shall apply regardless of whether a deductible has been satisfied. Patients will also be able to request an exception to obtain a specialty drug that would not otherwise be available on a health benefit plan formulary. The measure prohibits a health benefit plan that provides coverage for prescription drugs from placing all drugs in a given class of drugs on the highest cost tier.

6. **Budget Amendment Necessary**: No.

7. **No Fiscal Impact**

8. **Fiscal Implications:** According to the Department of Human Resource Management, this legislation is not expected to have a fiscal impact for the state health plan.

9. **Specific Agency or Political Subdivisions Affected:** Department of Human Resource Management; Administration of Health Insurance; and State Corporation Commission.

10. **Technical Amendment Necessary:** The State Corporation Commission Bureau of Insurance (Bureau) suggests the following technical amendments to be considered:

    For Line 10: SB 1394 defines a “rare medical condition” on lines 33-34 as a disease or condition that affects not more than one of every 1500 individuals in the United States. For clarity, the Bureau suggests that a standard reference source or sources be identified that will validate this criteria.

    On line 39 - One of the conditions for a “specialty drug” is that the prescription drug “is not stocked at a majority of retail pharmacies.” The Bureau suggested specificity as to whether “a majority of retail pharmacies” is in reference to the state, the country, or some other defined geographic area.

Finally, with respect to proposed subsection H, which begins at line 76 of the introduced bill, the Bureau asks that the term "Commission" be deleted on line 77 and replace it with "U.S. Department of Health and Human Services", if the intent is to avoid any associated cost increases for the Commonwealth that may result from the coverage required by this legislation. The Bureau's suggestion is based on 45 CFR 155.170, which identifies the Exchange as the entity responsible for identifying those state-required benefits that exceed the state's essential health benefits. Because the U.S. Department of Health and Human Services (U.S. HHS) administers the federal exchange in Virginia, it would appear that the responsibility identified in subsection H would more appropriately be the entity that has the authority to make any necessary determinations: U.S. HHS.

§ 155.170 Additional required benefits.
(a) Additional required benefits. (1) A State may require a QHP to offer benefits in addition to the essential health benefits.
(2) A State-required benefit enacted on or before December 31, 2011 is not considered in addition to the essential health benefits.
(3) The Exchange shall identify which state-required benefits are in excess of EHB.
(b) Payments. The State must make payments to defray the cost of additional required benefits specified in paragraph (a) of this section to one of the following:
(1) To an enrollee, as defined in §155.20 of this subchapter; or
(2) Directly to the QHP issuer on behalf of the individual described in paragraph (b)(1) of this section.
(c) Cost of additional required benefits. (1) Each QHP issuer in the State shall quantify cost attributable to each additional required benefit specified in paragraph (a) of this section.
(2) A QHP issuer's calculation shall be:
(i) Based on an analysis performed in accordance with generally accepted actuarial principles and methodologies;
(ii) Conducted by a member of the American Academy of Actuaries; and
(iii) Reported to the Exchange

11. Other Comments: This legislation is a companion to House Bill 1948 (McClellan).