

****REVISED****
State Corporation Commission
2018 Fiscal Impact Statement

1. Bill Number: HB386

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Davis

3. Committee: Commerce and Labor

4. Title: Health insurance; step therapy protocols.

5. Summary: Requires carriers issuing health benefit plans to utilize certain clinical review criteria to establish step therapy protocols. The measure establishes clinical review criteria used to establish such protocols and requires carriers to establish a process by which a patient or provider may seek a step therapy override exception determination. The provisions of the measure shall apply to any health benefit plan delivered, issued for delivery, or renewed on or after January 1, 2019.

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), fiscal impact estimates are not available. See Line 8.

8. Fiscal Implications: None on the State Corporation Commission. According to the DHRM, step therapy protocols generally require health insurance plan members to try less expensive but therapeutically comparable medications or treatments before the insurance provider will approve payment for more expensive medications or treatments. The Commonwealth's insurance carrier indicates that a step therapy override process may result in additional costs to the state health insurance plan as these less expensive treatments may not be the first treatment that a plan member receives.

The Commonwealth's insurance carrier indicated that for every one percent (1%) of step therapy cases that are overridden, the state's health insurance plan costs would increase by \$69,000. This amount is scalable such that if two percent (2%) of step therapy cases were overridden, the cost would double to \$138,000. These amounts are provided for informational purposes as neither DHRM nor the Commonwealth's insurance carrier can currently estimate how many step therapy overrides will be requested, because they cannot identify any reliable indicators to accurately predict prescriber behavior.

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance, Department of Human Resource Management

10. Technical amendment necessary: No

11. Other comments: This bill is in House Commerce and Labor Committee subcommittee # 1.

Date: 01/31/18/V. Tompkins