

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB508

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: Deeds

3. Committee: General Laws and Technology

4. Title: Department of Human Resource Management; local option health insurance plan; medications.

5. Summary: Provides for the local option health insurance plan developed by the Department of Human Resource Management to include coverage for brand-name medications rather than generic medications if deemed necessary by the treating physician.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: See Item 8.

8. Fiscal Implications: According to the Department of Human Resource Management, the Local Choice Plan currently allows a covered plan participant or the participant's provider to fill a brand-name prescription in lieu of a generic medication deemed equivalent by the plan administrator. However, in such cases, the plan currently covers only the cost of the generic medication and the participant is responsible for the difference between the plan's allowable charge for the brand-name and the allowable charge for the generic equivalent, in addition to the copayment for the brand-name medication.

If the plan were to cover the additional cost of brand-name medications compared to generic equivalents if deemed necessary by treating physicians, there would be an expected impact to the Local Choice Plan. An estimate of the expected impact was not available at the time this statement was posted, but will be provided by Department of Human Resource Management and updated once available.

The Local Choice Plan is supported by nongeneral fund revenue from health insurance premiums collected directly from the participating local employers. Plan premiums are rated separately from the state employee health insurance plan. Therefore, any potential impact would be passed on to local employers through plan premiums. All expenditures associated with the claims and administration of the Local Choice health insurance plan require nongeneral fund appropriation and any impact on total plan expenditures would require equivalent adjustments to the agency's nongeneral fund appropriation.

9. Specific Agency or Political Subdivisions Affected: Department of Human Resource Management and localities.

10. Technical Amendment Necessary: No.

11. Other Comments: This statement has been revised to clarify the costs currently covered by the Local Choice Plan in cases where a participant or their treating physician fill a brand-name medication when an equivalent generic medication is determined to be available.

Date: 1/15/2020