

LEGISLATIVE FISCAL ESTIMATE
[First Reprint]
SENATE, No. 526
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MARCH 18, 2020

SUMMARY

- Synopsis:** Provides that purchase of insulin is not subject to deductible; requires health insurers to limit copayments and coinsurance for insulin; requires insulin manufacturers to submit report to Commissioner of Banking and Insurance.
- Type of Impact:** Annual State and local expenditure increase.
- Agencies Affected:** Division of Pensions and Benefits, Department of the Treasury; local government entities, local boards of education; Department of Banking and Insurance.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost Increase		Indeterminate	
Local Cost Increase		Indeterminate	

- This bill will increase by an indeterminate amount annual State and local costs incurred through the State Health Benefits Program (SHBP) and the School Employees’ Health Benefits Program (SEHBP). The OLS does not have access to information about the number of plan members requiring insulin, the frequency with which it is purchased, or the prices for insulin currently paid to arrive at a cost estimate for the bill.
- For active and retired plan members, the prescription drug copayments for retail generic, retail preferred brand, mail generic, and mail preferred brand prescriptions are below the \$50 copayment ceiling imposed by the bill. The copayments that could exceed the \$50 threshold are the prescriptions for the following types of insulin: retail non-preferred brand, mail non-preferred brand, and brand name with generic available. This is because either the current established member copayment under these categories is greater than \$50, or the member is required to pay the difference in the price between the brand name drug and the generic drug, leaving open the potential for the copayment to exceed \$50.
- Data on the impact on expenditures by local governments providing coverage through plans other than the SHBP and SEHBP are not available.

BILL DESCRIPTION

This bill requires health insurers (health, hospital and medical service corporations, commercial individual and group health insurer, and health maintenance organizations) and health benefits plans issued pursuant to the New Jersey Individual Health Coverage and Small Employer Health Benefits Programs, the State Health Benefits Program, and the School Employees' Health Benefits Program to provide coverage for the purchase of insulin that is not subject to any deductible and to limit the copayment or coinsurance that may be required for an insulin prescription to \$50 per 30 day supply of insulin.

The bill also requires insulin manufacturers to submit an annual report to the Commissioner of Banking and Insurance containing certain information concerning the manufacture, pricing, and sales of insulin products.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

This bill will result in an indeterminate increase in costs incurred by the SHBP and the SEHBP.

For active and retired State, local, and education employees, the prescription drug copayments for retail generic, retail preferred brand, mail generic, and mail preferred brand prescriptions are below the \$50 copayment ceiling imposed by the bill. The copayments that could exceed the \$50 threshold are the prescriptions for retail non-preferred brand, mail non-preferred brand, and brand name with generic available. This is because the copayment that the member would be required to pay currently under these categories is greater than \$50 or requires the member to pay the difference in the price between the brand name drug and the generic drug, leaving open the potential for the copayment to exceed \$50.

Informal information from the Division of Pensions and Benefits indicates that the bill could cost the State as much as \$20 million. However, information regarding how the division arrived at its estimate and the data used were not provided. Information regarding pricing, the price differential, and an estimate of the number of prescriptions that would be written for the brand drugs with generic equivalents and non-preferred brand drugs, is not available to the OLS in order to determine an estimate independently.

Data regarding the increase in expenditures to local governments providing insurance coverage through insurance plans other than the SHBP and SEHBP is not available.

Section: *State Government*

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This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).