

**LEGISLATIVE FISCAL ESTIMATE**  
[Second Reprint]  
**ASSEMBLY COMMITTEE SUBSTITUTE FOR**  
**ASSEMBLY, Nos. 954, 653, 1669**  
**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

DATED: JUNE 24, 2021

**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**

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

- The Office of Legislative Services (OLS) estimates that this bill will increase, by an indeterminate amount, annual State and local costs incurred through the State Health Benefits Program and the School Employees’ Health Benefits Program. 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 State Health Benefits Program and School Employees' Health Benefits Program 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 specifies that nothing in the bill is to prevent the State Health Benefits Commission or the School Employees' Health Benefits Commission from reducing an enrollee's cost-sharing requirement by an amount greater than the amount specified in the bill or from utilizing formulary management, including a mandatory generic policy, to promote the use of lower-cost alternative generic drugs that are the therapeutic equivalent of the brand-name drug.

The bill requires manufacturers of insulin products to submit an annual report to the Commissioner of Banking and Insurance regarding insulin product names, identification of whether an insulin product is a brand drug or a generic drug, total sales of each insulin product manufactured by the manufacturer, effective date of the insulin product, changes in wholesale or list costs, research and development costs, identification of the manufacturer's insulin products that were approved by the federal Food and Drug Administration, the name of the manufacturer's insulin products that lost patent exclusivity, and an explanation of the rationale for an increase in the wholesale acquisition cost or list price for a manufacturer's insulin product.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS estimates that this bill will result in an indeterminate increase in annual costs incurred by the State Health Benefits Program and the School Employees' Health Benefits Program.

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 State Health Benefits Program and School Employees' Health Benefits Program is not available.

There will be no fiscal impact on the State Health Benefits Program and School Employees' Health Benefits Program regarding the reporting requirement for manufacturers of insulin products.

*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.).