

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 954, 653 and 1669

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 16, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill Nos. 954, 653 and 1669 (ACS/1R), with committee amendments.

As amended, this committee substitute makes certain findings and declarations concerning the rising cost of insulin and requires 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 insulin for the treatment of diabetes.

The bill further requires health insurers (health, hospital and medical service corporations, commercial individual and group health insurers, 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.

Lastly, the bill 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.

COMMITTEE AMENDMENTS:

The committee amended the bill to require 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 IMPACT:

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 (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.