

## SB 272 -2 STAFF MEASURE SUMMARY

### Senate Committee On Health Care

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**Meeting Dates:** 2/23, 4/18

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#### WHAT THE MEASURE DOES:

Defines formulary for prescription drugs for individual, small and group health plans licensed in Oregon. The measure creates a new requirement for insurance carriers regulated by Oregon Department of Consumer and Business Services (DCBS) to provide a complete list of drugs covered by each health plan if the plan reimburses a member for prescription drug costs. Require carriers to make information on prescription drug formulary publicly available in an electronically searchable format and a toll-free number. Require carriers to notify members of any changes to a formulary and to indicate the average cost-sharing for an individual. Prohibits a carriers' ability to change a health plan's formulary more than once in a 12-month period. Take effect, January 1, 2018

#### ISSUES DISCUSSED:

- Costs, affordability of and accessibility to pharmaceutical treatments for cancer patients
- Consumers' ability to compare coverage of medications and out-of-pocket costs for drugs across coverage plans
- Use of formularies by insurance carriers; generic vs. brand name drugs; mid-year changes to formulary (i.e. switching drug coverage mid-year for enrollees)

#### EFFECT OF AMENDMENT:

-2 Requires carriers that offer individual health plans to provide enrollees with information about coverage of drugs. Requires carriers that offer prescription drugs covered as a pharmacy benefit to make coverage information easily accessible on Internet. Requires carriers that offer prescription drugs covered as a medical benefit to make coverage information available through a toll-free number. Requires carriers to notify enrollees when a carrier discontinues coverage of drug that has been dispensed to a member in the current plan year.

**REVENUE:** No impact.

**FISCAL:** *May have fiscal impact, but no statement yet issued.*

#### BACKGROUND:

A formulary is a list of medications available in a health plan and is used by health care insurers as a method to manage utilization of prescription drugs. States have enacted consumer-related laws to create transparency and coverage notification requirements among health insurers for prescription drug benefits including changes to formularies. State regulations are designed to help individuals compare covered benefits among health plans and require insurers to notify affected members when changes are made to a prescription drug formulary in a specified period.

Oregon Department of Business and Consumer Services (DCBS) oversees and regulates the health insurance industry in Oregon. Senate Bill 272 requires DCBS to create new requirements for health plans to notify a member when changes are made to plan's drug formulary in a clear and accessible manner.