

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4156 - 2

79th Oregon Legislative Assembly – 2018 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Prohibits carriers offering health benefit plans from making specified changes to prescription drug coverage during plan year.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Department of Consumer and Business Services (DCBS)

Summary of Expenditure Impact:

Costs related to the measure may require budgetary action - See analysis.

Analysis:

HB 4156 prohibits carriers offering health benefit plans from making changes to their prescription drug formulary during a plan year, unless the removal is based on an alert issued by United States Food and Drug Administration. A carrier may not increase the deductible, copayment, coinsurance or other cost sharing applicable to a prescription drug. Additionally, a carrier may not impose new utilization control on a prescription drug, including but not limited to prior authorization of step therapy.

In addition, the bill with the -2 amendment requires insurance carriers to ensure that at least 25 percent of individual, small, and group health benefit plans apply a pre-deductible flat dollar copayment structure to the entire drug benefit, including all tiers. The copayment structure for prescription drugs must be reasonably graduated and proportionately related across all tier levels. These provisions exclude health benefit plans offered by a carrier that qualify as a health savings account eligible and that require a deductible on prescription drugs to qualify for a health savings account. These provisions also exclude catastrophic plans from these requirements.

Oregon Educators Benefit Board (OEBB)

Moda Health, OEBB's largest medical plan carrier, extrapolates that passage of this bill could result in an impact of 1.9% increase in premiums for the medical and prescription plans administered by the carrier. If this happens and assuming this applies to all OEBB medical plans, this could result in a fiscal impact of \$6,695,078 Other Funds for the 2017-19 biennium and \$26,780,312 for the 2019-21 biennium.

Note that any proposed legislation resulting in a fiscal impact on revenues or expenditures with regard to insurance premiums provided by OEBB will impact any educational entity that has mandated or elective coverage under OEBB. This includes school districts, community colleges, education service districts and some charter schools. The revenue sources for these educational entities should be evaluated for a possible Ballot Measure 30 impact under section 15, Article XI of the Oregon Constitution.

Public Employees Benefits Board (PEBB)

Correspondingly, Providence, PEBB's largest health insurer, projects that the passage of this bill could potentially increase medical and prescription premium rates by 0.6% for PEBB's Statewide medical plan. If this happens and assuming this applies to all PEBB medical plans, this could result in a fiscal impact of \$2,610,423 Other Funds for the 2017-19 biennium and \$10,441,691 Other for the 2019-21 biennium.

Note that any proposed legislation resulting in a fiscal impact on revenues or expenditures with regard to insurance premiums provided by PEBB will have an impact state agencies because about 40% to 45% of PEBB premium resources come from state agencies' flexible benefits payroll General Fund budget.

Department of Business and Consumer Services (DCBS)

The fiscal impact of this bill on DCBS is minimal. DCBS anticipates using existing staff and resources to handle rulemaking activities and consumer inquiries.