HB 2799 STAFF MEASURE SUMMARY

House Committee On Health Care

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Sub-Referral To: Joint Committee On Ways and Means
Meeting Dates: 2/26

WHAT THE MEASURE DOES:

Requires carriers that offer small employer, group, and individual health plans in specified geographic regions to offer at least 25 percent of plans with no deductible or other cost-sharing requirements for prescription drugs. Requires carriers to report annually to the Department of Consumer and Business Services (DCBS) for a 12-month period any changes to drug formulary, deductible, copayment, coinsurance, or other cost sharing, and new utilization controls.

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

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon's commercial market includes group and non-group health insurance types. Group insurance includes small-group, large-group, self-insured, associations, trusts, and Multiple Employer Welfare Arrangements (MEWAs). Non-group or "individual" insurance involves individuals directly purchasing health coverage plans from carriers on and off the health insurance marketplace (Marketplace), established by the federal Affordable Care Act (ACA). Carriers that provide medical and pharmacy benefits among other benefits in group and non-group plans use information such as age, gender, and other risk factors to determine the premium for a particular insurance policy. Carriers also offer plans with different coinsurance, copayments, deductibles, and out-of-pocket maximum

Carriers that offer health plans specify which pharmaceutical drugs are covered by the plan, called a formulary. Insurers also utilize management tools in the pharmacy benefit such as prior authorization, step therapy, or quantity limits. The benefit design for drugs specifies consumer cost-sharing arrangements such as deductibles, out-of-pocket maximums, copayments or coinsurance amounts for the different drugs - – all of which refers to out-of-pocket costs an individual must pay for covered prescription drugs. Formularies often utilize tiers to sort prescription drugs primarily based on utilization and cost-sharing for consumers. Higher formulary tiers may have higher consumer cost-sharing than lower formulary tiers.

House Bill 2799 requires certain health insurers to offer health plans with limited-to-no consumer cost-sharing for prescription drugs.