

HB 4073 A STAFF MEASURE SUMMARY

Carrier: Rep. Schouten

House Committee On Health Care**Action Date:** 02/13/20**Action:** Do pass with amendments. (Printed A-Eng.)**Vote:** 11-0-0-0**Yeas:** 11 - Alonso Leon, Drazan, Greenlick, Hayden, Keny-Guyer, Moore-Green, Noble, Nosse, Prusak, Salinas, Schouten**Fiscal:** Has minimal fiscal impact**Revenue:** No revenue impact**Prepared By:** Oliver Droppers, LPRO Analyst**Meeting Dates:** 2/6, 2/13**WHAT THE MEASURE DOES:**

Defines insulin according to ORS 689.696. Prohibits specified health plans from requiring an enrollee to incur more than \$75 in cost-sharing or other out-of-pocket costs for a 30-day supply of prescribed insulin or \$225 for each 90-day supply. Directs Department of Consumer and Business Services, in rule, to annually adjust out-of-pocket specified maximum amounts based on changes in the Consumer Price Index. Specifies maximum \$75 cost-sharing or other out-of-pocket cost is not subject to a deductible by a health plan. Clarifies the measure does not prohibit a health plan from using a formulary or other utilization management protocol applicable to prescription drugs under the plan.

ISSUES DISCUSSED:

- Inpatient hospital costs in Oregon attributed to individuals with diabetes
- Whether the proposed measure may lead to premium increases; potential cost-shifting in the commercial market
- Current out-of-pocket costs to Public Employees' Benefit Board and Oregon Educators Benefit Board for members who are prescribed insulin
- Application of the proposed cap to enrollees before or after their deductible has been met
- Implementation considerations among insurers
- Establishment of a coverage mandate or precedent for prescription drugs
- Ability for insurers to continue utilization management including formularies to manage costs

EFFECT OF AMENDMENT:

Defines insulin according to ORS 689.696. Prohibits specified health plans from requiring an enrollee to incur more than \$75 in cost-sharing or other out-of-pocket costs for a 30-day supply of prescribed insulin or \$225 for each 90-day supply. Directs Department of Consumer and Business Services, in rule, to annually adjust out-of-pocket specified maximum amounts based on changes in the Consumer Price Index. Specifies maximum \$75 cost-sharing or other out-of-pocket cost is not subject to a deductible by a health plan. Clarifies the measure does not prohibit a health plan from using a formulary or other utilization management protocol applicable to prescription drugs under the plan.

BACKGROUND:

In 2015, the Oregon Health Authority's (OHA) Public Health Division estimated that diabetes affects approximately 287,000 adult Oregonians, or nearly one in 10. The prevalence of diabetes has also steadily increased, more than doubling since 1990 and accounted for 3.5 percent of deaths in Oregon in 2012. Insulin therapy is used in the treatment of diabetes to help keep a person's blood sugar within a target range. Failure to appropriately manage blood sugar levels can have serious health consequences, including impacting the heart, kidneys, and eyes. Once diagnosed, diabetes requires self-management, including medications, testing, and monitoring blood glucose

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levels. Treatment requires patient education, special equipment and supplies, and may become costly, especially for diabetics with high-deductible health plans who must cover out-of-pocket costs. In 2012, diabetes was responsible for over 4,000 hospitalizations in Oregon at a cost of \$44 million with an average cost of approximately \$10,000 per hospitalization.

According to research, the list price of insulin in the United States increased, annually, 15-17 percent between 2012-2016. This trend continues to create affordability and accessibility issues for patients due to increasing cost-sharing including deductibles and co-pays for brand-name and generic insulin drugs. Recently, Illinois and Colorado became the first states to enact legislation capping monthly insulin costs at \$100 for state-regulated health plans.

House Bill 4073-A limits out-of-pocket costs for individuals enrolled in certain health plans and who are prescribed insulin to treat diabetes.