Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 150 (Substitute S-2 as reported)
Sponsor: Senator Margaret E. O'Brien
Committee: Insurance

CONTENT

The bill would amend the Insurance Code to require a health insurer issuing a policy, or a health maintenance organization (HMO) offering a contract, that provides prescription drug coverage to do all of the following:

-- Provide a program for synchronizing multiple maintenance prescription drugs for an insured or enrollee, if certain conditions were met.
-- Apply a prorated daily cost-sharing rate for maintenance prescription drugs that were dispensed by an in-network pharmacy for the purpose of synchronizing the insured's or enrollee's multiple maintenance prescription drugs.
-- Pay or reimburse a dispensing fee only if it were based on each maintenance prescription drug dispensed, and not prorated.

The conditions that would have to be met are: 1) the insured or enrollee, his or her physician, and a pharmacist agreed that synchronizing the insured's or enrollee's multiple maintenance prescription drugs was in the best interests on the insured or enrollee; and 2) the drugs met all of the following requirements:

-- Were covered by the policy, certificate, or contract.
-- Were used for the management and treatment of a chronic long-term care condition and had authorized refills that remained available.
-- Were not Schedule 2 to 5 controlled substances (except for anti-epileptic drugs).
-- Met all prior authorization requirements specific to the drugs at the time of the request.
-- Were of a formulation that could be effectively split over required short fill periods.
-- Did not have quantity limits or dose optimization criteria or requirements that would be violated when the multiple maintenance prescription drugs were synchronized.

The bill would apply to policies, certificates, and contracts delivered, executed, issued, amended, adjusted, or renewed beginning 365 days after the bill was enacted.

Proposed MCL 500.3406t

Legislative Analyst: Ryan M. Bergan

FISCAL IMPACT

The bill should result in a limited indeterminate change in State and local expenditures. The bill would require a limited cost-sharing rate for prescription drugs reimbursed by health insurers for less than a short-term supply under certain circumstances, to allow for the synchronization of medications for chronic conditions. The bill also would require the full dispensing fee be paid even for prescriptions written for less than a short-term supply of a medication.

These provisions would have an impact on the managed care portion of the State's Medicaid program as they would reduce copayments in certain circumstances while preserving the full dispensing fee. The actual fiscal impact is indeterminate because there is limited information on how many prescriptions this would affect and to what degree costs would change. Changes in costs would effectively be reflected in the actuarial soundness adjustments made for Medicaid health plans as well as the budgetary adjustments for the Medicaid fee-for-service lines.

The bill would have a similar indeterminate impact on State and local governments in their role as employers that provide health care coverage to employees. As is the case with Medicaid, copayments would be reduced in certain instances, which would increase costs to employers slightly. On the other hand, some would argue that better coordination of medications could lead to better health outcomes, which could result in some reduction in costs.

Because these provisions would apply only to a small number of prescriptions, any change in costs for Medicaid or employers would be quite modest compared to overall health care expenditures.

Date Completed: 6-17-15 Fiscal Analyst: Steve Angelotti