



**Colorado
Legislative
Council
Staff**

HB16-1095

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0477
Prime Sponsor(s): Rep. McCann
 Sen. Crowder

Date: August 26, 2016
Bill Status: Signed into Law
Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: HEALTH INSURANCE FOR PRESCRIPTION EYE DROP REFILLS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	Potential increase in workload and costs.	
Appropriation Required: None.		
Future Year Impacts: Minimal potential increase in state expenditures.		

Summary of Legislation

The bill specifies that health insurance plans must provide coverage for renewing an eye drop medication prescription for under certain conditions. First, health plans must cover prescribed refills of eye drop medication that are filled after 70 percent of the days in original prescription or latest refill has elapsed. Second, health plans must cover the costs for refilling eye drop medication if the original prescription states that additional quantities of eye drop medication are required and the renewal does not exceed the number of additional quantities needed. In addition, coverage must be provided for one additional bottle if the original prescription states that the additional bottle is for use at a day care center, school, or adult day program. Required coverage for the additional bottle is limited to one refill every three months.

The bill does not apply to supplemental insurance plans. The required prescription eye drop coverage under the bill is subject to the same deductibles, copayment, or coinsurance established for all other prescription drug benefits under the health plan.

State Expenditures

The bill potentially increases workload and costs for two state agencies. Any increases, which are described below, are expected to be minimal and no changes in appropriations are required.

Department of Health Care Policy and Financing. The requirements of the bill affect coverage provided under the Children's Basic Health Plan (CHP+). Currently, CHP+ covers prescription refills after 75 percent or 85 percent of the prescription has passed, depending on the type of medication. The bill will allow eye drop prescriptions to be refilled marginally faster

(after 70 percent of the prescription has passed). This could potentially shift costs between fiscal years. Any impact from cost shifting is assumed to be minor and can be addressed through the annual budget process if it occurs.

The bill also potentially affects coverage for Medicaid clients under the program's alternative benefit plan. This plan is benchmarked against a designated private plan in the state to ensure essential health benefits are provided to persons eligible under Medicaid expansion under the federal Affordable Care Act (ACA). At this time, the minor change in prescription eye drop coverage is not expected to result in changes to the alternative benefit plan coverage. However, if the federal Centers for Medicare and Medicaid Services (CMS) requires this coverage to be provided, then costs will be incurred to manage this pharmacy benefit for alternative benefit plan clients separately from other Medicaid clients. In addition, minor IT changes to the Medicaid Management Information Systems (MMIS) could be required. To the extent these changes are required in the future, it is assumed the costs will be addressed through the annual budget process.

Department of Regulatory Agencies. The bill will result in a minimal increase in workload for the Division of Insurance in the Department of Regulatory Agencies. Some additional outreach will be required to ensure health insurers incorporate the requirements of the bill into their health plans. However, given the effective date of the bill on January 1, 2017, this work can be conducted as part of the regular rate and plan review process and no additional appropriations are required.

Effective Date

The bill was signed into law by the Governor on March 9, 2016, and takes effect January 1, 2017, assuming no referendum petition is filed.

State and Local Government Contacts

Health Care Policy and Financing
Office of Information Technology

Human Services
Personnel

Law
Regulatory Agencies

Research Note Available

An LCS Research Note for HB16-1095 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.