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FISCAL NOTE

Drafting Number: LLS 18-0639 Date: February 14, 2018
Prime Sponsors: Rep. Catlin; Danielson Sen. Coram; Todd Bill Status: House Health, Insurance, and Environment
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Bill Topic: PATIENT CHOICE OF PHARMACY

Summary of Fiscal Impact: State Revenue, State Expenditure (minimal), State Transfer, TABOR Refund, Local Government, Statutory Public Entity

This bill prohibits health insurers and pharmacy benefit managers from taking certain actions that limit or restrict a covered person's ability to select a pharmacy. It will minimally increase state workload and may increase local government costs.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

This bill prohibits health insurance carriers that cover pharmaceutical services and pharmacy benefit managers (PBMs) that manage such services for a carrier from the following:

- limiting or restricting a covered persons ability to select a pharmacy of his or her choice if the pharmacy is licensed and agrees to the terms of the health benefit plan;
imposing a copayment, fee, or other cost sharing requirement on a covered person, pharmacist, or pharmacy for the covered person's selection of a pharmacy unless the carrier or PBM places the same copayment, fee, or other cost sharing requirement on all covered persons, pharmacists, or pharmacies in the state;
imposing any other condition on a covered person, pharmacist, or pharmacy that limits a covered persons ability to use a pharmacy of the covered person's choice; or
denying a chosen pharmacy or pharmacist the right to participate in any of its pharmacy network contracts or as a contracting provider, if certain conditions are met, after a covered person has chosen the pharmacy or pharmacist.

The prohibitions in the bill do not apply to pharmacy services administered to an individual receiving inpatient or emergency medical care in a licensed health facility; insurance carriers that offer managed care plans in which the majority of covered professional services is provided by physicians employed by the carrier; self-funded plans that are exempt from state regulation; or health plans issued for state and federal employees.

State Expenditures

This bill increases workload in the Division of Insurance and the State Board of Pharmacy, both located within the Department of Regulatory Agencies, by a minimal amount starting in FY 2018-19. Specifically, these divisions will need to update rules, conduct outreach with health insurance carriers and pharmacists, and respond to consumer inquiries and complaints. It is assumed that this work can be accomplished within existing appropriations.

Local Government

To the extent that the bill's restrictions reduce the ability of health insurance carriers to control pharmaceutical costs, local governments that offer a state-regulated health plans to their employees may have an increase in health insurance premium costs. Given that health insurance premiums are affected by a number of factors, the exact impact cannot be estimated, but is assumed to be minimal.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed. It applies to health benefit plans issued, delivered, or renewed on or after January 1, 2020.

State and Local Government Contacts

Counties	Health Care Policy and Financing
Information Technology	Personnel
Regulatory Agencies	