

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2016 REGULAR SESSION**

**MEASURE**

2016 BR NUMBER **1440**

**SENATE** BILL NUMBER **268**

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE** **An ACT relating to drug costs under health benefit plans.**

**SPONSOR** **Senator Buford**

**NOTE SUMMARY**

FISCAL ANALYSIS:  IMPACT     NO IMPACT     INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT:  STATE     LOCAL     FEDERAL

BUDGET UNIT(S) IMPACT: \_\_\_\_\_

FUND(S) IMPACT:  GENERAL  ROAD  FEDERAL  RESTRICTED AGENCY \_\_\_\_\_  OTHER

**FISCAL SUMMARY**

FISCAL ESTIMATES	2015-2016	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
<b>REVENUES</b>				
<b>EXPENDITURES</b>				
<b>NET EFFECT</b>				

( ) indicates a decrease/negative

**MEASURE'S PURPOSE:** This measure requires insurers in Kentucky to offer a percentage of health benefit plans with lower copayment and coinsurance on prescription drugs.

**PROVISIONS/MECHANICS:** This measure creates a new section of subtitle 17A of KRS Chapter 304 to define terms and requires insurers offering health insurance plans in Kentucky to offer at least 25% of their plans that cover essential health benefits to use a benefit design with an all copayment cost-sharing structure for prescription drugs covered by the plan.

The highest allowable copayment can be no greater than one-twelfth of the maximum out-of-pocket expenditure for an individual for that specific plan. The plan shall not require an enrollee to pay coinsurance for any prescription drug that is included on the plan's formulary, or any non-formulary drug that is otherwise included in the plan. At least one of the plans shall not require an enrollee to pay a deductible for prescription drugs covered by the plan, and the amount of cost sharing paid by an enrollee for any given prescription drug shall not exceed the amount of the copayment specified in the summary of benefits and coverage for the plan.

If an insurer offers only one plan that covers the essential health benefits in a given level of

coverage within a geographic service area, that plan shall use the cost-sharing structure.

This shall not apply to any plan offered at the bronze level of coverage, any catastrophic plan, or any health savings account with a corresponding qualified high deductible health plan.

The requirements of this section shall be met separately for plans offered on any federal health benefit exchange or offered outside of any health benefit exchange.

This Act takes effect January 1, 2017.

**FISCAL EXPLANATION:** There is no fiscal impact to the state. According to the Department of Insurance, administrative costs should not be affected, and insurance costs should not increase.

**DATA SOURCE(S):** LRC Staff & DOI

**PREPARER:** Stephanie Rich **NOTE NUMBER:** 130 **REVIEW:** JRS **DATE:** 3/4/2016

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