SB 353

Department of Legislative Services

Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 353 (Senator Lam, *et al.*)
Finance Health and Government Operations

Health Insurance - Prescription Insulin Drugs - Limits on Copayment and Coinsurance (Insulin Cost Reduction Act)

This bill requires an insurer, nonprofit health service plan, or health maintenance organization (collectively known as carriers) that provides coverage for prescription drugs and devices (including coverage provided through a pharmacy benefits manager) to limit the amount a covered individual is required to pay in copayments or coinsurance for a covered prescription insulin drug to no more than $30 for a 30-day supply, regardless of the amount or type of insulin needed to fill the covered individual's prescription. **The bill takes effect January 1, 2023, and applies to all policies, contracts, and health benefits plans issued, delivered, or renewed in the State on or after that date.**

Fiscal Summary

State Effect: Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) in FY 2023 from the $125 rate and form filing fee. Review of filings can likely be handled with existing MIA resources. No material effect on the State Employee and Retiree Health and Welfare Benefits Program, as discussed below.

Local Effect: Potential increase in health insurance premiums for local governments that purchase fully insured plans due to the limitation on allowable cost sharing. Revenues are not affected.

Small Business Effect: Likely minimal; however, health insurance premiums may increase in the small group market due to the limitation on allowable cost sharing.

Analysis

Bill Summary: A carrier may set the amount a covered individual is required to pay in copayments or coinsurance to an amount that is less than $30 per 30-day supply. A contract between a carrier (or a pharmacy benefits manager) and a pharmacy (or the pharmacy's contracting agent) may not authorize a party to the contract to charge a covered individual, require a pharmacy to collect from a covered individual, or require a covered individual to pay an amount greater than $30 per 30-day supply.

Current Law: Under Maryland law, there are more than 50 mandated health insurance benefits that certain carriers must provide to their enrollees. This includes coverage for all medically appropriate and necessary diabetes equipment, supplies, and outpatient self-management training and educational services, including medical nutrition therapy. A carrier may not impose a deductible, copayment, or coinsurance on diabetes test strips, except for a high deductible health plan.

The federal Patient Protection and Affordable Care Act requires nongrandfathered health plans to cover 10 essential health benefits, which include prescription drugs. Diabetes equipment such as glucose monitors and insulin pumps are covered under durable medical equipment coverage for insulin-using beneficiaries, while diabetes supplies (insulin syringes, needles, and test strips) are covered under the prescription coverage for insulin-using beneficiaries.

A carrier may not impose a copayment or coinsurance requirement on a prescription drug prescribed to treat diabetes, HIV, or AIDS that exceeds $150 for up to a 30-day supply of the drug. On July 1 each year, the limit on the copayment or coinsurance requirement must increase to reflect inflation, as specified.

State Expenditures: The Department of Budget and Management advises that copayments under the State Employee and Retiree Health and Welfare Benefits Program for preferred and generic prescription drugs do not exceed $30 for a 30-day supply of insulin. Any impact on the program under the bill is anticipated to be minimal and absorbable.

Additional Information

Prior Introductions: HB 134 of 2020, a similar bill with a higher limit on cost sharing, received a hearing in the House Health and Government Operations Committee, but no further action was taken.

Designated Cross File: HB 1397 (Delegate Pena-Melnyk, *et al.*) - Health and Government Operations.

Information Source(s): Department of Budget and Management; Maryland Department of Health; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

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