OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

S.B. 220
134th General Assembly

Fiscal Note & Local Impact Statement

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Version: As Introduced

Primary Sponsors: Sens. Craig and Manning

Local Impact Statement Procedure Required: Yes

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Highlights

- Prohibiting the state employee health benefit plans from charging more than $35 for certain prescription refills is likely to increase the cost to the state to provide health benefits to employees and their dependents. The state's costs to provide health benefits to employees and their dependents are paid from the Health Benefit Fund (Fund 8080). Fund 8080 receives funding through state employee payroll deductions and state agency contributions toward their employees' health benefits, which come out of the GRF and various other state funds.
- The bill's prohibition is likely to increase costs to counties, municipalities, townships, and school districts statewide of providing health benefits to employees and their dependents. However, LBO staff could not determine the magnitude of the fiscal impact due to lack of information on the number of local government employers that will be affected by the prohibition. Any political subdivisions that already comply with the cost-sharing limitation would experience no effect on costs.

Detailed Analysis

The bill prohibits a health plan issuer that provides coverage for prescription insulin drugs[1] from imposing cost sharing for a covered prescription insulin drug in an amount exceeding $35 per 30-day supply of the drug, regardless of the amount or type of insulin needed to fill the covered person's prescription. The bill also specifies that cost sharing must be charged on a per-prescription-fill basis. The prohibition applies to health insuring corporations (HICs), sickness

[1] The bill defines prescription insulin drug as a prescription drug that contains insulin and is used to treat diabetes.

and accident insurers, multiple employer welfare arrangements, and public employee benefit plans. The bill's requirement applies to all health benefit plans amended, issued, or renewed on or after the effective date of the bill.

Fiscal effect

The bill's prohibition is likely to increase costs and insurance premiums of the state and local governments' employee health benefit plans, thereby increasing costs to provide health benefits to employees and their dependents. For the state plans, cost sharing for a generic insulin medication is less than $35 for a 30-day supply during FY 2022, but cost sharing for brand-name versions of insulin medication is more than $35.[2] State costs under the bill therefore depend on the extent of state employee utilization of brand-name insulin medications, which likely would increase under the bill. As of this writing, LBO does not have an estimate of the magnitude of the costs. The state's costs to provide health benefits to employees and their dependents are paid from the Health Benefit Fund (Fund 8080). Fund 8080 receives funding through state employee payroll deductions and state agency contributions toward their employees' health benefits, which come out of the GRF and various other state funds.

LBO staff could not determine the magnitude of the fiscal impact of the prohibition on local governments due to lack of information related to cost sharing for prescription insulin drugs and the number of local government employers that will be affected by the bill's prohibition. However, it is likely that the maximum cost sharing for a 30-day supply of certain types of prescription insulin drugs under some local governments' employee health benefit plans, and perhaps many such plans, is more than $35. The local government sponsor of such plans may experience an increase in health care costs; for local government plans that already comply with the bill's prohibition, there would be no increase in costs.

The bill may minimally increase the Department of Insurance's administrative expenses related to regulation and enforcement of health insurers to comply with the bill's prohibition. Any such costs would be paid from the Department of Insurance Operating Fund (Fund 5540).

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[2] According to MyBenefits For State of Ohio Employees July 1, 2021 – June 30, 2022, the Ohio Med PPO copayment costs for a 30-day supply are: $10 for generic medication; $40 for a preferred brand name, $75 for a nonpreferred brand name, when generic is unavailable; and $75 plus the difference between the cost of the brand name and generic drug for nonpreferred brand name medication, when a generic is available. In addition, under the Diabetes Management Program for state employees' benefit plans, "Members are eligible for free diabetic supplies and medication if they have had a hemoglobin A1C test within the past 12 months of being a member of the Ohio Med PPO. Specific test values and results are not required, only that the member has had the test. Members enrolled in the Ohio Med HDHP are not eligible for free diabetic supplies."