

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 258** SLS 16RS 414

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 28, 2016 3:48 PM	Author: LUNEAU
Dept./Agy.: Office of Group Benefits/Louisiana Department of Insurance	Analyst: Willis Brewer
Subject: Insurance coverage for prescription eye drops refills	

HEALTH/ACC INSURANCE EG +\$457,000 SG EX See Note
Provides for coverage for refills for prescription eye drops (8/01/16).

Proposed law requires insurance plan coverage for the costs of refilling a topical ophthalmic prescription under certain circumstances.

Proposed law requires the prescriber to indicate on the original prescription that additional quantities are necessary. Requires the original prescription not exceed the number of additional quantities needed for treatment.

Proposed law limits the refills to a quantity not to exceed the remaining dosage initially approved for coverage, provided the limited refills do not limit or restrict coverage with regard to any previously or subsequently approved topical ophthalmic prescription.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$457,000	\$479,000	\$503,000	\$529,000	\$555,000	\$2,523,000
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

The expenditures of OGB will increase as a result of proposed law through increased pharmacy claim costs. There is no anticipated state general fund impact to agencies as a result of this measure since Office of Group Benefits does not anticipate at this time that this will require an increase to premiums charged to active and retired plan members or to state agencies.

Currently, OGB allows plan members to refill a 30-day prescription 23 days after the prescription was filled (75%). The proposed law allows plan members to receive a refill for a 30-day prescription 21 days after the prescription was filled (70%). This bill impacts nearly 80% of OGB self-funded health plan members (roughly 177,000 members). This includes members that participate in a self-funded health plan that are not medicare eligible.

Based on pharmacy claims data provided by the Office of Group Benefits' Pharmacy Benefit Manager (PBM) MedImpact, the projected increase in prescription claims is anticipated to be \$457,000 for FY 17, \$479,000 in FY 18, \$503,000 in FY 19, \$529,000 in FY 20, and \$555,000 in FY 21.

See Page 2 for further explanation.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. The Office of Group Benefits does not anticipate at this time that the increase in prescription claims will require an additional increase to premiums charged to active and retired plan members or to state agencies for FY 17-19. There are no current actuarial projections for FY 20 and FY 21, but it is not anticipated these years will require additional revenue increases.

However, this is contingent on implementing annual premium rate increases and/or benefit changes to mitigate the cost of medical and prescription drug inflation.

Senate Dual Referral Rules House

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| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Evan Brasseaux

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Staff Director

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CONTINUED EXPLANATION from page one:

Data Methodology

Topical Ophthalmic Product Prescriptions for Non-Employer Group Waiver Plan (EGWP) participants
REFILLS ONLY

Total OGB Cost:	\$1,522,643
Total Number of Prescriptions:	19,787
OGB Cost per Prescription:	\$76.95

Calculating the Number of Possible Refills

Days in year	365
30-Day period	30
# of 30-day periods	12.17 (Refill every 30 days or after 100% of time has passed).

Estimated number of 30-day periods in a year

75% x 30 days	22.5 (=30 days * .75)
70% x 30 days	21 (=30 days * .70)

Projecting a revised 30 day period based on people refilling 75% and 70% of time

75% of time 30 day period	16.22 (=365 days/22.5)
70% of time 30 day period	17.38 (=365 days/21)

The additional refills needed each time period

75% of time 30 day period	4.06 (=16.22-12.17)
70% of time 30 day period	5.21 (=17.38-12.17)

# Increase	1.16 (=5.21-4.06)
% Increase	28.6% (=1.16/4.06)

Number of Prescriptions filled in 2015:	19,787 (provided by MedImpact)
Calculated number of Additional Prescriptions:	5,653 (=28.6%*19,787)
OGB Cost per Prescription:	\$76.95 (see above)
Projected annual inflation for prescription costs:	5.00%

FY 17 Total Estimated Cost for Additional Prescriptions: \$456,790 (=5,653*\$76.95*1.05)

Outgoing years use this figure as base and assume 5% annual increase to cost.

Assumptions:

- Only includes members that are not Employer Group Waiver Plan (EGWP) participants. OGB members that are covered by OGB's Employer Group Waiver Plan (EGWP), which is Medicare Part D prescription drug plan, are medicare-eligible and already allowed to receive refills after 21 days or 70% of the time has passed.
- The calculations use data provided by MedImpact (OGB's Pharmacy Benefit Manager).
- No change in the number of topical ophthalmic prescriptions filled in ensuing years or any legislation is enacted impacting these variables.
- 100% of refilled prescriptions were filled on or after 100% of the time has passed.
- 48,200 topical ophthalmic prescription filled in 2015 by non-medicare members provided by MedImpact represents 97.7% of all topical ophthalmic prescriptions filled in 2015. The other 2.3% of prescriptions is provided by Express Scripts and this level of detail is not available for this set. Therefore, this data analysis extrapolates the number of refills for the remaining 2.3% by using MedImpact's provided breakdown.
- 5% annual inflation for prescription drug costs.

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