

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 134 (Delegates Reznik and Valderrama)
Health and Government Operations

Health Insurance - Prescription Insulin Drugs - Limits on Copayment and
Coinsurance

This bill requires an insurer, nonprofit health service plan, or health maintenance organization (collectively known as carriers) that provides coverage for prescription drugs (including coverage provided through a pharmacy benefits manager) to limit the cumulative amount a covered individual is required to pay in copayments or coinsurance for a covered prescription insulin drug to no more than \$100, regardless of the amount or type of insulin needed to fill the covered individual's prescriptions. **The bill takes effect January 1, 2021, 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 2021 from the \$125 rate and form filing fee. Review of filings can likely be handled with existing MIA resources. Likely no effect on the State Employee and Retiree Health and Welfare Benefits Program (State plan), 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; health insurance premiums may increase in the small group market due to the limitation on allowable cost sharing.

Analysis

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, with the exception of 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.

Background: More than 30 million Americans have diabetes and approximately 7.4 million depend on insulin. Insulin is a naturally occurring hormone secreted by the pancreas. Many people with diabetes are prescribed insulin, either because their bodies do not produce insulin (type 1 diabetes) or do not use insulin properly (type 2 diabetes). More than 20 types of insulin are sold in the United States. These insulins differ in how they are made, how they work in the body, and how much they cost.

According to the American Diabetes Association (ADA), the average price of insulin nearly tripled between 2002 and 2013. ADA recommends that health plans and government programs cover insulin without cost sharing to increase medication adherence, achieve better long-term health outcomes, and remove financial barriers to accessing the medicine.

In 2019, Colorado became the first state to cap out-of-pocket costs for insulin at \$100 per 30-day supply of insulin, regardless of the amount or type needed.

State Expenditures: The Department of Budget and Management (DBM) advises that copayments for individuals covered under the State Employee and Retiree Health and Welfare Benefits Program currently do not exceed \$100 *per individual prescription* for insulin; therefore, there is no impact on State expenditures. However, DBM further advises that, to the extent the bill is intended to apply to multiple prescriptions in the same 30-day period, expenditures for the State plan would increase by an estimated \$100,000 annually due to the limitation on allowable cost sharing.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

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Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510