

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1614
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JUNE 29, 2022

SUMMARY

- Synopsis:** Requires health insurance carriers to provide coverage for epinephrine auto-injector devices and asthma inhalers; limits cost sharing for health insurance coverage of insulin.
- Type of Impact:** Potentially no impact on the State General Fund; potential expenditure increase on local government funds and school district funds.
- Agencies Affected:** Division of Pensions and Benefits, Department of the Treasury; local governments; school districts

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost Impact		Indeterminate	
Potential Local Cost Increase		Indeterminate	

- This Office of Legislative Services (OLS) concludes the bill will result in an indeterminate annual increase in the cost of prescription drug plans provided to public employees by local governments and school districts to the extent that current plans exceed the limits specified in the bill. The OLS cannot estimate the cost because the coverage requirements in all the plans provided to public employees is not known and the number of prescriptions for insulin, an epinephrine auto-injector device, or a prescription asthma inhaler also is not known. In addition, the extent to which the employers and employees will cover these increased costs through premium sharing is not known.
- This bill will apply to local governments that participate in the State Health Benefits Program (SHBP) and to school districts that participate in the School Employees’ Health Benefits Program (SEHBP). It will also apply to those local government and school district employers that purchase prescription drug plans outside of the programs.
- The bill likely will have no impact on the State General Fund given the current coverage in the prescription drug plans in the SHBP for State employees.



BILL DESCRIPTION

This bill places a flat cap on the out-of-pocket contribution for any covered person prescribed insulin, an epinephrine auto-injector device, or a prescription asthma inhaler across insurance providers. Coverage for these items may not be subject to any deductible, and copayments or coinsurance are capped at \$35 per 30-day supply of insulin, \$25 for epinephrine auto-injector devices per 30-day supply, and \$50 for prescription asthma inhalers per 30-day supply.

For the State Health Benefits Program and the School Employees' Health Benefits Program, the bill does not prevent the programs from reducing an enrollee's cost-sharing requirement by an amount greater than the amount specified in the bill or prevent the commission from utilizing formulary management, including a mandatory generic policy, to promote the use of lower-cost alternative generic drugs that are the therapeutic equivalent of the brand-name drug, which could result in the member's copay being higher than set forth in this bill.

This bill will apply to individual or group hospital service corporations, medical service corporations, health service corporations, individual and group health insurance policies, health maintenance organizations, the State Health Benefits Commission, and the School Employee's Health Benefits Commission.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes this bill will result in an indeterminate increase in the cost of prescription drug plans provided to public employees by local governments and school districts to the extent that current plans exceed the limits specified in the bill. The OLS cannot estimate the cost because the coverage requirement in all the plans provided to public employees is not known and the number of prescriptions for insulin, an epinephrine auto-injector device, or a prescription asthma inhaler also is not known. In addition, the extent to which the employers and employees will cover these increased costs through premium sharing is not known.

This bill will apply to local governments that participate in the SHBP and to school districts that participate in the SEHBP. It will also apply to those local government and school district employers that purchase prescription drug plans outside of the programs.

The bill likely will have no impact on the State General Fund given the current coverage in the prescription drug plans in the State Health Benefits Program for State employees.

It should be noted that, for the SHBP and the SEHBP, the bill does not prevent the programs from reducing an enrollee's cost-sharing requirement by an amount greater than the amount specified in the bill or prevent the commission from utilizing formulary management, including a mandatory generic policy, to promote the use of lower-cost alternative generic drugs that are the therapeutic equivalent of the brand-name drug, which could result in the member's copay being higher than set forth in this bill.

Section: State Government

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).