LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 4275
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: FEBRUARY 14, 2025

SUMMARY

Synopsis: Prohibits SHBP, SEHBP, and Medicaid from denying coverage for maintenance medications for chronic conditions for covered persons solely because of change in health benefits plan or pharmacy benefits manager.

Type of Impact: Annual expenditure increase to the State and participating local entities.

Agencies Affected: Division of Pensions and Benefits in the Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Increase	Indeterminate
Local Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that preventing persons covered under contracts issued or purchased by the State Health Benefits Commission or the School Employees' Health Benefits Commission from losing coverage for maintenance medications for chronic conditions because of a change in health benefits plan or pharmacy benefits manager will result in an indeterminate annual expenditure increase to the State and participating local entities.

- The OLS finds that the bill's provisions will not impact State Medicaid expenditures.

BILL DESCRIPTION

This bill prevents persons covered under contracts issued or purchased by the State Health Benefits Commission, the School Employees' Health Benefits Commission, or the State Medicaid Program from losing coverage for maintenance medications for chronic conditions when the loss of coverage in pharmaceutical benefits results solely from a change in the covered person's health benefits plan or the pharmacy benefits manager for that plan. Under the bill, the covered person

needs to have been taking the medication before the change in the plan or pharmacy benefit manager, and that class of drug must be covered under the new plan or pharmacy benefit manager.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that prohibiting contracts issued or purchased by the State Health Benefits Commission or the School Employees' Health Benefits Commission from denying coverage for maintenance medications for chronic conditions for covered persons when the denial results solely from a change in health benefits plan or that plan's pharmacy benefits manager will result in an indeterminate annual expenditure increase to the State, to local governments that participate in the State Health Benefits Program, and to school districts that participate in the School Employees' Health Benefits Program.

The annual expenditure increase will depend on the number of covered persons who would otherwise have lost coverage for a maintenance medication for a chronic condition due solely to a change in health benefits plan or pharmacy benefits manager and the extent to which the new plan or pharmacy benefits manager provides coverage for that same medication. The OLS is unable to determine the number of persons who will be impacted under the bill or the coverage requirements of the prospective new health benefits plan or pharmacy benefits manager.

The OLS finds that the bill's provisions will not impact State Medicaid expenditures. The current contract between the Medicaid managed care organizations and the Division of Medical Assistance and Health Services in the Department of Human Services stipulates that an enrollee who is receiving a prescription medication that was on the managed care organization's formulary and subsequently removed or changed will be allowed to continue to receive this medication, if requested by the prescriber and the enrollee, for as long as the enrollee is a member of the managed care plan.

Section:	*State Government*
Analyst:	*Anna Harris* *Associate Fiscal Analyst*
Approved:	*Thomas Koenig* *Legislative Budget and Finance Officer*

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.).