Bill Summary

AB 2180 would prohibit the use of copayment adjustment programs by state-regulated health plans, insurers, and PBMs on financial assistance from for-profit and charitable organizations (i.e., drug manufacturer coupons and drug copay assistance programs).

Insurance Subject to the Mandate

AB 2180 would apply to the health insurance of about 22.3 million enrollees (59.6% of all Californians)

- CDI and DMHC-regulated (Commercial & CalPERS)
- Medi-Cal (DMHC-regulated)

At baseline, 13,162,000 enrollees have an outpatient pharmacy benefit regulated by DMHC or CDI.

Background

Drug copay assistance programs: provide financial support for prescription drugs to treat a particular disease state.

Drug manufacturer coupons: fixed dollar discounts for a specific drug (may also be percentage based).

Copayment adjustment programs: used as a cost control method, they prohibit payments from third parties from counting towards an enrollee’s OOP maximum.

Impacts

Baseline:

Copayment Adjustment Programs + Drug copay assistance & drug manufacturer coupons count towards OOP max = OOP maximum reached later in year + Use of additional services

Postmandate:

Copayment Adjustment Programs + Drug copay assistance & drug manufacturer coupons count towards OOP max = OOP maximum reached earlier in year + Use of additional services

Postmandate, with the prohibition of copayment adjustment programs, payments for prescription drugs using drug copay assistance and/or coupons would count towards OOP maximums. Some enrollees would reach their OOP maximum earlier in the year and utilize services that they would not have used prior to enactment of AB 2180; these additional services would be fully paid for by the health plans/insurers.

Expenditures

In Year 1, CHBRP estimates AB 2180 would increase total net annual expenditures by $47,106,000 (0.03%), for enrollees in state-regulated insurance.

This is due to a $81,178,000 increase in total health insurance premiums and a $34,072,000 decrease in enrollee expenses.

Long-Term Impacts

If enacted, AB 2180 may lead to:

- increased number of coupons available for specialty drugs
- increased funding to drug copay assistance programs
- removal of certain specialty drugs from drug formularies
- higher utilization of medications for chronic diseases

For these reasons, in Year 2, CHBRP estimates AB 2180 would increase total net annual expenditures by $121,127,000 (0.07%), for enrollees in state-regulated insurance.