

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 7299
BILL NUMBER: SB 435

NOTE PREPARED: Jan 2, 2025
BILL AMENDED:

SUBJECT: Prohibition on Copay Accumulator Adjustments.

FIRST AUTHOR: Sen. Hunley
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

- 1) It provides that under certain circumstances, the administrator of a State Employee Health Plan (SEHP) shall include any amount paid by a covered individual or another person on behalf of the covered individual for a prescription drug when calculating a covered individual's overall contribution to an out-of-pocket maximum or cost sharing requirement under the covered individual's SEHP.
- 2) It provides that under certain circumstances, a pharmacy benefit manager shall include any amount paid by a covered individual or another person on behalf of the covered individual for a prescription drug when calculating a covered individual's overall contribution to an out-of-pocket maximum or cost sharing requirement under the covered individual's health plan.
- 3) It provides that under certain circumstances, an insurer that issues a policy of accident and sickness insurance shall include any amount paid by an insured or another person on behalf of the insured for a prescription drug when calculating an insured's overall contribution to an out-of-pocket maximum or cost sharing requirement under the insured's policy of accident and sickness insurance.
- 4) It provides that under certain circumstances, a health maintenance organization shall include any amount paid by an enrollee or another person on behalf of the enrollee for a prescription drug when calculating an enrollee's overall contribution to an out-of-pocket maximum or cost sharing requirement under the enrollee's individual or group contract.

Effective Date: July 1, 2025.

Explanation of State Expenditures: The bill will impact workload for the Indiana Department of Insurance (DOI) to ensure compliance with the bill's requirements but should be able to be implemented using existing staffing and resources. *[The DOI is funded through a dedicated agency fund.]*

Additional Information: The bills provisions are not anticipated to impact costs under the current State

Employee Health Plan (SEHP) prescription drug benefit plan. The State Personnel Department (SPD) is the SEHP plan administrator. Currently, the SEHP prescription drug benefit plan is managed by CVS Caremark under contract with the SPD. The SEHP is the primary and first payer for any claims, meaning that the full amount of a prescription payment is applied towards a members' deductible (and out-of-pocket maximum) as applicable, regardless of the final amount that was paid by the member for the prescription after applying any available discounts from a third-party (such as through a manufacturers prescription assistance plan and/or through the use of a co-pay card).

Explanation of State Revenues: *Violations:* An unfair or deceptive act or practice in the business of insurance carries a civil penalty between \$25,000 and \$50,000 for each act or violation, which is deposited in the state General Fund.

Insurance Premiums: The bill's provisions could impact health insurance prescription benefit plans, pharmacy benefit manager policy practices, and health maintenance organizations' ability to prevent co-pay assistance programs and third-party payments from being factored into a covered individuals deductible. If insurance premium collections in the state increase as a result of limitations on co-payment accumulators, revenue to the state General Fund from the corporate Adjusted Gross Income Tax and the Insurance Premium Tax could increase. The Insurance Premium Tax is a 1.3% tax on gross premiums received by insurance companies. The Insurance Premium Tax generated roughly \$266.4 M in revenue during FY 2024. Insurance Premium Tax revenue is currently distributed into the state General Fund.

Explanation of Local Expenditures: Local entities providing health insurance through a policy of accident and sickness, or a health maintenance organization may have increased costs if they previously dis-allowed co-payment assistance or co-pay accumulators when calculating a covered individual's overall contribution to an out-of-pocket maximum or cost sharing requirement.

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected: Local entities providing health care insurance.

Information Sources: Christy Tittle: State Personnel Department; PeopleSoft Financials data, FY 2024; CVS Caremark Prescription Benefit Plan Certificate:
<https://www.in.gov/spd/benefits/files/2024-CVS-Caremark-Plan-Certificate.pdf>.

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