

2 Sub. HB 425, HEALTH INSURANCE BENEFIT AMENDMENTS, (Thurston, Norman K.)

No Additional Impact to the State; Cost Would be Offset by State Plan Members

Summary

This substitute bill would have an overall cost of \$3.81 per member per month (\$2,793,218 overall) in lost rebate revenue for the state employee health plan by reducing member costs at the time a drug is purchased.

This bill directs PEHP to make the value of the rebates available to members purchasing a drug at the time of purchase. By giving the value of the rebates directly to the members who purchase drugs, and not to the plan, it creates a cost to the plan. However, the bill's intent language requires this cost to the plan to be offset by increasing employee premium or reducing benefits to be cost neutral to the state.

For other employers, the bill makes it optional to use drug rebates at the point of sale, reduce premiums paid by employees, or enhance enrollee health benefits. Unless already compliant, other employers must use rebates to reduce member costs or add benefits to the plan. Returning all rebates to employers to reduce premium is already PEHP's practice. Thus, we would not expect this to increase costs for any other employer. Instead, it would give them the option of increasing plan costs by allowing rebates to be used at the point of sale.