

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.

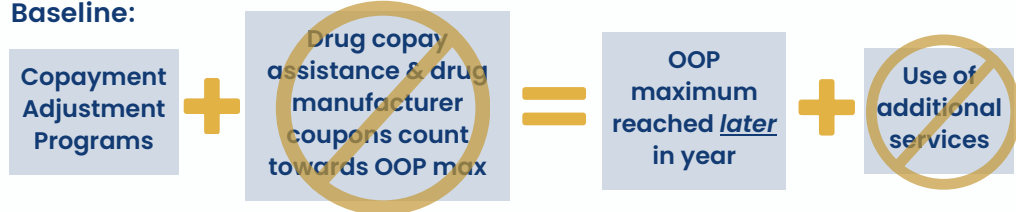


Drug manufacturer coupons: fixed dollar discounts for a specific drug (may also be percentage based).

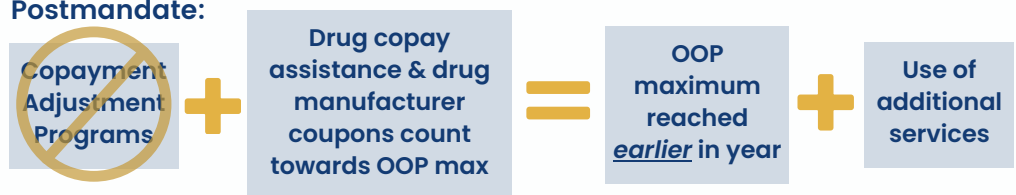
Copayment adjustment programs: used as a cost control method, they prohibit payments from third parties from counting towards an enrollee's OOP maximum.

Impacts

Baseline:



Postmandate:



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.

California Public Employees' Retirement System (**CalPERS**), California Health Benefits Review Program (**CHBRP**), California Department of Insurance (**CDI**), California Department of Managed Health Care (**DMHC**), Out-of-pocket (**OOP**), Pharmacy Benefit Manager (**PBM**)