

Legislative Update

January 23, 2018

Mary Watanabe

Deputy Director, Health Policy and Stakeholder Relations

SB 546 (Leno)

Large Group Aggregate Rates

- Beginning October 1, 2016, health plans are required to file detailed information regarding aggregate rate changes in the large group market on an annual basis.
- Requires plans to include information in the notices about premium rate increases with comparisons to Covered CA and CalPERS average rate increases.
- Requires the DMHC to conduct an annual meeting regarding health plans' large group aggregate rate changes.
 - Meeting scheduled for February 7, 2018 in San Francisco.

2017 Enacted Bills Summary

- AB 156 (Wood) – Open Enrollment Dates
- AB 1048 (Arambula) – Schedule II Partial Rx Fills
- AB 1074 (Maienschein) – Behavioral Health Therapy Providers
- SB 17 (Hernandez) – Prescription Drug Costs
- SB 133 (Hernandez) – Continuity of Care

SB 17 (Hernandez)

Prescription Drug Costs

- Health plans must report to the DMHC:
 - 25 most frequently prescribed drugs
 - 25 most costly drugs by total annual spending
 - 25 drugs with highest year-over-year increase in total annual spending
- Health plans must report by October 1, 2018 and annually thereafter
- DMHC will issue report to Legislature with aggregate data beginning January 1, 2019 and annually thereafter

SB 17 (Hernandez)

Prescription Drug Costs

- Additional reporting requirements for large group market:
 - Percent of premium attributable to drug costs for each category of prescription drugs (e.g., generic, brand name, and brand name/generic specialty)
 - Year-over-year increase, as a percentage, in per member, per month costs for each category
 - Year-over-year increase in per member, per month costs for drug prices compared to other components of the health care premium
 - Specialty tier formulary list
 - Percentage of the premium attributable to prescription drugs administered in a doctor's office that are covered under the medical benefit as separate from the pharmacy benefit, if available
 - Information on use of a pharmacy benefit manager, if any, including which components of prescription drug coverage are managed by the pharmacy benefit manager

SB 17 (Hernandez)

Prescription Drug Costs

- Reporting requirements for drug manufacturers to public/private purchasers, effective January 1, 2018:
 - For drugs with a wholesale acquisition cost over \$40 for a course of treatment, must report if cumulative increase is more than 16% over prior two calendar years
- Effective January 1, 2019, requires drug manufacturers to report increases in wholesale acquisition cost and other details to OSHPD
 - OSHPD will publish this information on its website at least quarterly
 - OSHPD will be funded by health plan assessments, to be offset by penalty revenue for non-compliance with reporting requirements

Questions?