OHIO LEGISLATIVE SERVICE COMMISSION

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Office of Research and Drafting

Legislative Budget Office

H.B. 451
134th General Assembly

Fiscal Note & Local Impact Statement

Click here for H.B. 451's Bill Analysis

Version: As Introduced

Primary Sponsors: Reps. Manning and Oelslager

Local Impact Statement Procedure Required: Yes

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Highlights

- The bill may increase costs to the state of providing health benefits to its employees and their dependents, if the bill's prohibitions increase prices of physician-administered specialty drugs. Any increase in costs to the state's self-insured health benefit plans would be paid from the Health Benefit Fund (Fund 8080). Fund 8080 receives funding through state employee payroll deductions and state agency contributions toward their employees' health benefits, which come out of the GRF and various other state funds.
- The bill may also increase costs to local governments to provide health benefits to employees and their dependents. However, LBO staff are uncertain about the extent of such increase. If some local government health benefit plans already comply with the prohibitions, those plans would experience no fiscal impact.

Detailed Analysis

The bill defines "physician-administered drug or medication" as an outpatient drug, other than a vaccine, that cannot reasonably be self-administered by the patient to whom the drug is prescribed, or by an individual assisting the patient with the self-administration, and that is typically administered by a health care provider in a physician's office, hospital outpatient infusion center, or other outpatient clinical setting. The bill prohibits health benefit plans from doing any of the following with respect to physician-administered drugs or medications: (1) requiring that they be dispensed by a pharmacy or affiliated pharmacy as a condition of coverage, (2) limiting or excluding coverage for them when it is not dispensed by a pharmacy or affiliated pharmacy, if the drug is otherwise covered under the health benefit plan or pharmacy

benefit plan,[1] or (3) covering them at a different benefits tier or with cost-sharing requirements that impose greater expense for a covered individual if they are dispensed or administered at the physician's office, hospital outpatient infusion center, or other outpatient clinical setting rather than a pharmacy. The prohibitions apply to health benefit plans issued, amended, or renewed on or after the bill's effective date.

The bill defines a "health benefit plan" as it is defined in continuing law in R.C. 3922.01, meaning an agreement offered by a health plan issuer to provide or reimburse the costs of health care services. For the purposes of the bill, however, "health benefit plan" also includes any pharmacy or drug benefit plan managed or administered by a pharmacy benefits manager. Generally, a "health plan issuer" includes sickness and accident insurance companies, health insuring corporations, fraternal benefit societies, self-funded multiple employer welfare arrangements, nonfederal government health plans, and certain third-party administrators licensed under Chapter 3959 of the Revised Code.

Fiscal effect

To the extent the bill's prohibitions increase costs of physician-administered drugs (i.e., shifting such drugs coverage from prescription benefits to medical benefits), the bill may increase costs to the state and local governments to provide health benefits to employees and their dependents. In many cases, physician-administered drugs that are covered under medical benefits may be more expensive due to drugs price mark-ups than if they were dispensed at a pharmacy and covered under prescription drug benefits (i.e., some health insurers require that physician-administered drugs be dispensed by a particular pharmacy or affiliated pharmacy as a condition of coverage, as a tool to manage their cost of providing prescription benefits to their enrollees; this may provide lower prices for such drugs due to rebates, discounts, etc.).

According to a Department of Administrative Services official, certain medications that must be ordered by a doctor, administered through an outpatient facility, and paid under medical benefits would increase costs to the state health benefit plans if such medications could be filled through a pharmacy.[2] The bill may also increase costs to local government plans. However, LBO staff could not determine the estimated costs. If some local government plans already comply with the prohibitions, those plans would experience no fiscal impact related to the prohibitions.

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[1] "Pharmacy benefits manager" means any person or entity that, pursuant to a contract or other relationship with an insurer, managed care organization, employer, or other third party, either directly or through an intermediary, manages the prescription drug benefit provided by the insurer, managed care organization, employer, or third party in the performance of any other duty directly or indirectly related to the processing or payment of claims for covered prescription drugs.

[2] OptumRx provides prescription drug benefits for enrollees in the state health benefit plans. In addition, according to the *MyBenefits for State of Ohio Employees July 1, 2021-June 30, 2022*, "some specialized medications for serious medical conditions such as cancer, cystic fibrosis, and rheumatoid arthritis must be obtained from Optum Specialty."