



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

HB 18-1148

FINAL
FISCAL NOTE

Drafting Number:	LLS 18-0522	Date:	August 28, 2018
Prime Sponsors:	Rep. Michaelson Jenet Sen. Crowder	Bill Status:	Signed into Law Human
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Bill Topic: STAGE FOUR ADVANCED METASTATIC CANCER STEP THERAPY

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure (<i>minimal, potential</i>)	<input checked="" type="checkbox"/> Local Government (<i>potential</i>)
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill prohibits health insurers from requiring step therapy during the treatment of stage four metastatic cancer. It will minimally increase state workload, and potentially increase state and local government expenditures on employee health insurance on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the enacted bill.

Summary of Legislation

The bill prohibits health insurers from requiring that a person undergo step therapy prior to receiving a federally approved drug for stage four metastatic cancer if the drug is included on the health insurer's formulary and the drug meets certain standards for cancer treatment approved by the federal government or indicated in peer-reviewed medical literature. Step therapy is a protocol under which a health insurer first requires that a certain drug or sequence of drugs be tried before coverage is provided for the drug that was recommended by a health care provider. Under current law, health insurers are only prohibited from requiring step therapy in instances where a prescription drug mandated under a step therapy protocol has previously been tried by the covered person but was discontinued due to lack of efficacy or adverse event.

State Expenditures

This bill may affect state workload and expenditures in two ways. First, the Division of Insurance in the Department of Regulatory Agencies will have a one-time increase in workload in FY 2018-19 to incorporate the changes in the bill into its policies and to communicate the changes to insurance carriers. This work is expected to require a minimal amount of staff time.

Second, to the extent that the prohibition on step therapy results in more expensive prescription drugs being paid for by health benefit plans, state agencies' costs for employee health insurance may increase. Because state employee health insurance contributions are based upon

prevailing market rates, with costs shared between the employer and employee, this bill is not expected to affect the state's share of employee health insurance premiums until FY 2019-20. Because insurance rates are influenced by a number of variables, the exact effect of this bill cannot be determined. Any increase caused by the bill will be addressed through the total compensation analysis included in the annual budget process.

Local Government

Similar to the state impact discussed above, local governments offering health insurance coverage to their employees may experience an increase in costs. To the extent that the prohibition on step therapy increases insurance premiums, local government costs for employee health insurance may increase. Health insurance premiums depend on a variety of factors and an exact estimate of any potential increase cannot be determined.

Effective Date

The bill was signed into law by the Governor on April 9, 2019, and takes effect January 1, 2019, assuming no referendum petition is filed. It applies to health benefit plans issued, amended, or renewed on or after this effective date.

State and Local Government Contacts

Health Care Policy And Financing
Law
Regulatory Agencies

Information Technology
Personnel