

March 7, 2023

The Honorable Brenda Landwehr, Chairperson
House Committee on Health and Human Services
300 SW 10th Avenue, Room 112-N
Topeka, Kansas 66612

Dear Representative Landwehr:

SUBJECT: Fiscal Note for HB 2347 by House Committee on Health and Human Services

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2347 is respectfully submitted to your committee.

HB 2347 would require every individual or group health insurance policy (or similar contract or plan) that provides coverage for accident and health services that is delivered, issued for delivery, amended, or renewed on or after January 1, 2024, to be required to provide coverage for prescription insulin drugs. The bill would limit the total amount that a covered person would be required to pay for a 30-day supply for all covered prescription insulin drugs, including any amount or type of insulin needed to fill a prescription, to \$35 and all devices to \$100. The Commissioner of Insurance and Secretary of Health and Environment would be required to adopt rules and regulations to implement the bill's provisions.

The bill would establish the Insulin Affordability Program for the Uninsured (IAPU) on and after January 1, 2024. Prior to January 1, 2024, each manufacturer would be required to establish procedures to make insulin available to eligible individuals. HB 2347 outlines the requirements for individuals to participate in the IAPU. Additionally, the bill outlines the requirements for the Commissioner of Insurance and for pharmacies concerning the IAPU. The Commissioner could issue a fine of \$10,000 on manufactures that do not comply with the bill's provisions.

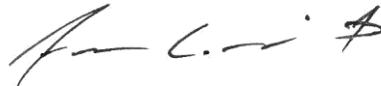
The Department of Administration estimates enactment of HB 2347 would increase costs to the State Employee Health Plan (SEHP) by \$134,052 from special revenue funds in FY 2024 to provide the additional benefits. The estimate assumes a first-year annual cost increase of \$268,104. However, because the bill's provisions concerning the \$35 insulin cap and the \$100

device cap would not go into effect until January 1, 2024, only half the annual cost would apply to FY 2024. Of the \$134,052, \$58,500 would be for the \$35 insulin cap and \$75,552 would be for the \$100 device cap. The Department indicates while SEHP members would benefit from lower prescription costs at a pharmacy, the cost of providing insulin drugs would be passed on to all covered members and employers in the form of increased SEHP plan contributions.

The Insurance Department states the bill's enactment would create a new mandate and trigger state defrayal costs as it requires coverage for insulin and outlines specific types and categories of insulin that must be covered by health insurers; however, the Department cannot estimate an accurate fiscal effect at this time.

Both the Kansas Department of Health and Environment and the Board of Pharmacy indicate enactment of the bill would not have a fiscal effect on the operations of either agency. Any fiscal effect associated with HB 2347 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Tamara Emery, Department of Administration
Bobbi Mariani, Insurance Department