SB 827 (2nd reading)
Kolkhorst (Lucio), et al.
(CSSB 827 by Oliverson)

SUBJECT: Capping an enrollee's shared cost on prescription insulin to $25

COMMITTEE: Insurance — committee substitute recommended

VOTE: 9 ayes — Oliverson, Vo, J. González, Hull, Israel, Middleton, Paul, Romero, Sanford

0 nays

SENATE VOTE: On final passage, March 25 — 27-3 (Birdwell, Hall, Nichols)

WITNESSES: For — Veronica De La Garza and Reva Verma, American Diabetes Association; Carol Howe, Association of Diabetes Care and Education Specialists; Steven Denny; Dawn White; (*Registered, but did not testify*: Joel Romo, American Diabetes Association; Lindsay Lanagan, Legacy Community Health; Bill Kelly, Mayor's Office, City of Houston; David Reynolds, Texas Chapter of the American College of Physicians; Clayton Stewart, Texas Medical Association; Clayton Travis, Texas Pediatric Society; Ware Wendell, Texas Watch; Jennifer Allmon, The Texas Catholic Conference of Bishops)

Against — (*Registered, but did not testify*: Bill Hammond, Texas Employers for Insurance Reform)

DIGEST: CSSB 827 would prohibit a health benefit plan from imposing a cost-sharing provision for prescription insulin in the plan's formulary if the enrollee had to pay more than $25 per prescription for a 30-day supply, regardless of the amount or type of insulin needed to fill the enrollee's prescription. The bill would require a health plan to include at least one insulin from each therapeutic class in the plan's formulary.

Under the bill, "insulin" would exclude an insulin drug that was administered to a patient intravenously.

Applicability. The bill would apply only to certain health plans issued by organizations specified in the bill, including:

- the state Medicaid program;
- the Children's Health Insurance Program (CHIP);
- a plan issued by a health maintenance organization;
- a multiple employer welfare arrangement;
- a basic coverage plan under the Texas Employees Group Benefits Act;
- a basic plan under the Texas Public School Retired Employees Group Benefits Act;
- a primary care coverage plan under the Texas School Employees Uniform Group Health Coverage Act; and
- a basic coverage plan under the Uniform Insurance Benefits Act for employees of the University of Texas and Texas A&M systems.

Exceptions. The bill would not apply to certain plans and policies, including a Medicare supplemental policy as defined by federal law or a workers' compensation policy.

The bill would take effect September 1, 2021, and would apply only to a health benefit plan that was issued or renewed on or after January 1, 2022.

SUPPORTERS SAY:

CSSB 827 would increase access to affordable prescription insulin by capping an enrollee's co-pay at $25 per prescription. Due to rising prescription drug costs, many Texans with diabetes forgo medication because they cannot afford to pay for the insulin they need to survive. Without insulin, diabetic individuals are at risk of losing vision, limbs, and organs, and some may die.

Capping an enrollee's co-pay is necessary to provide vulnerable Texans access to lifesaving medication. The bill could reduce emergency room visits, hospitalizations, and health care costs. Additionally, the bill could improve Texans' medication adherence, leading to better health outcomes.

Concerns about improving access to insulin for uninsured Texans by establishing a discount drug program could be better addressed in other legislation.

CRITICS SAY:

CSSB 827 could increase premium costs for employers and families by capping an enrollee's co-pay to $25 per prescription insulin. While pharmaceutical drug prices are too high, a co-pay cap would not decrease the price of insulin but could incentivize drug companies to continue increasing insulin prices with minimal accountability or transparency.

Additionally, the bill would not decrease out-of-pocket costs for uninsured Texans with diabetes. To decrease insulin costs for uninsured individuals, the Legislature should establish a discount drug program.

NOTES:

According to the Legislative Budget Board, the bill would have a negative impact of about $1.2 million through fiscal 2023. The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement its provisions.