

2023 -- S 0871 SUBSTITUTE A

LC001490/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO INSURANCE -- ACCIDENT AND SICKNESS INSURANCE POLICIES

Introduced By: Senators Goodwin, Lombardo, Ruggerio, and Valverde

Date Introduced: March 30, 2023

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 27-18 of the General Laws entitled "Accident and Sickness Insurance
2 Policies" is hereby amended by adding thereto the following section:

3 **27-18-50.2. Specialty drugs.**

4 (a) The general assembly makes the following findings:

5 (1) In 2015, an estimated six hundred thirty-five thousand (635,000) Rhode Island residents
6 had at least one chronic disease, and an estimated two hundred forty-nine thousand (249,000)
7 residents had two (2) or more chronic diseases, which significantly increases their likelihood to
8 depend on prescription specialty drugs;

9 (2) In 2016, twenty-five percent (25%) of Rhode Island residents stopped taking a
10 prescription drug as prescribed due to cost;

11 (3) Most specialty drugs do not have biosimilars, generic equivalents, or substitutes to
12 create competition and help lower their prices; and

13 (4) In 2022, the Centers for Medicare and Medicaid Services define any drug for which the
14 negotiated price is six hundred seventy dollars (\$670) per month or more, as a specialty drug.

15 (b) As used in this section, the following words shall have the following meanings:

16 (1) "Complex or chronic medical condition" means a physical, behavioral, or
17 developmental condition that is persistent or otherwise long-lasting in its effects or a disease that
18 advances over time, and:

19 (i) May have no known cure;

1 (ii) Is progressive; or

2 (iii) Can be debilitating or fatal if left untreated or undertreated.

3 "Complex or chronic medical condition" includes, but is not limited to, multiple sclerosis,
4 hepatitis c, and rheumatoid arthritis.

5 (2) "Pre-service authorization" means a cost containment method that an insurer, a
6 nonprofit health service plan, or a health maintenance organization uses to review and preauthorize
7 coverage for drugs prescribed by a health care provider for a covered individual to control
8 utilization, quality, and claims.

9 (3) "Rare medical condition" means a disease or condition that affects fewer than:

10 (i) Two hundred thousand (200,000) individuals in the United States; or

11 (ii) Approximately one in one thousand five hundred (1,500) individuals worldwide.

12 "Rare medical condition" includes, but is not limited to, cystic fibrosis, hemophilia, and
13 multiple myeloma.

14 (4) "Specialty drug" means a prescription drug that exceeds the threshold for a specialty
15 drug under the Medicare Part D program (Medicare Prescription Drug Improvement and
16 Modernization Act of 2003 (Public Law 108-173)).

17 (5) "Specialty drug tier" means a formulary tier in the pharmacy benefit that imposes a
18 cost-sharing obligation for a specialty drug.

19 (c) Every individual or group health insurance contract, plan or policy that provides
20 prescription drug coverage and is delivered, issued for delivery or renewed in this state on or after
21 January 1, 2025, shall limit any required copayment of coinsurance applicable to covered drugs on
22 a specialty drug tier to an amount not to exceed one hundred fifty dollars (\$150) per month for each
23 drug up to a thirty-day (30) supply of any single drug. This limit shall be inclusive of any copayment
24 or coinsurance. This limit shall be applicable after any deductible is reached and until the
25 individual's maximum out-of-pocket limit has been reached.

26 (d) Nothing in this section shall prevent an entity subject to this section from reducing a
27 covered individual's cost sharing for a specialty drug to an amount less than that described in section
28 (c) of this section.

29 (e) The health insurance commissioner may promulgate any rules and regulations
30 necessary to implement and administer this section in accordance with any federal requirements
31 and shall use the commissioner's enforcement powers to obtain compliance with the provisions of
32 this section.

33 SECTION 2. Chapter 27-19 of the General Laws entitled "Nonprofit Hospital Service
34 Corporations" is hereby amended by adding thereto the following section:

1 **27-19-42.1. Specialty drugs.**

2 (a) The general assembly makes the following findings:

3 (1) In 2015, an estimated six hundred thirty-five thousand (635,000) Rhode Island residents
4 had at least one chronic disease, and an estimated two hundred forty-nine thousand (249,000)
5 residents had two (2) or more chronic diseases, which significantly increases their likelihood to
6 depend on prescription specialty drugs;

7 (2) In 2016, twenty-five percent (25%) of Rhode Island residents stopped taking a
8 prescription drug as prescribed due to cost;

9 (3) Most specialty drugs do not have biosimilars, generic equivalents, or substitutes to
10 create competition and help lower their prices; and

11 (4) In 2022, the Centers for Medicare and Medicaid Services define any drug for which the
12 negotiated price is six hundred seventy dollars (\$670) per month or more, as a specialty drug.

13 (b) As used in this section, the following words shall have the following meanings:

14 (1) "Complex or chronic medical condition" means a physical, behavioral, or
15 developmental condition that is persistent or otherwise long-lasting in its effects or a disease that
16 advances over time, and:

17 (i) May have no known cure;

18 (ii) Is progressive; or

19 (iii) Can be debilitating or fatal if left untreated or undertreated.

20 "Complex or chronic medical condition" includes, but is not limited to, multiple sclerosis,
21 hepatitis c, and rheumatoid arthritis.

22 (2) "Pre-service authorization" means a cost containment method that an insurer, a
23 nonprofit health service plan, or a health maintenance organization uses to review and preauthorize
24 coverage for drugs prescribed by a health care provider for a covered individual to control
25 utilization, quality, and claims.

26 (3) "Rare medical condition" means a disease or condition that affects fewer than:

27 (i) Two hundred thousand (200,000) individuals in the United States; or

28 (ii) Approximately one in one thousand five hundred (1,500) individuals worldwide.

29 "Rare medical condition" includes, but is not limited to, cystic fibrosis, hemophilia, and
30 multiple myeloma.

31 (4) "Specialty drug" means a prescription drug that exceeds the threshold for a specialty
32 drug under the Medicare Part D program (Medicare Prescription Drug Improvement and
33 Modernization Act of 2003 (Public Law 108-173)).

34 (5) "Specialty drug tier" means a formulary tier in the pharmacy benefit that imposes a

1 cost-sharing obligation for a specialty drug.

2 (c) Every individual or group health insurance contract, plan or policy that provides
3 prescription drug coverage and is delivered, issued for delivery or renewed in this state on or after
4 January 1, 2025, shall limit any required copayment of coinsurance applicable to covered drugs on
5 a specialty drug tier to an amount not to exceed one hundred fifty dollars (\$150) per month for each
6 drug up to a thirty-day (30) supply of any single drug. This limit shall be inclusive of any copayment
7 or coinsurance. This limit shall be applicable after any deductible is reached and until the
8 individual's maximum out-of-pocket limit has been reached.

9 (d) Nothing in this section shall prevent an entity subject to this section from reducing a
10 covered individual's cost sharing for a specialty drug to an amount less than that described in section
11 (c) of this section.

12 (e) The health insurance commissioner may promulgate any rules and regulations
13 necessary to implement and administer this section in accordance with any federal requirements
14 and shall use the commissioner's enforcement powers to obtain compliance with the provisions of
15 this section.

16 SECTION 3. Chapter 27-20 of the General Laws entitled "Nonprofit Medical Service
17 Corporations" is hereby amended by adding thereto the following section:

18 **27-20-37.1. Specialty drugs.**

19 (a) The general assembly makes the following findings:

20 (1) In 2015, an estimated six hundred thirty-five thousand (635,000) Rhode Island residents
21 had at least one chronic disease, and an estimated two hundred forty-nine thousand (249,000)
22 residents had two (2) or more chronic diseases, which significantly increases their likelihood to
23 depend on prescription specialty drugs;

24 (2) In 2016, twenty-five percent (25%) of Rhode Island residents stopped taking a
25 prescription drug as prescribed due to cost;

26 (3) Most specialty drugs do not have biosimilars, generic equivalents, or substitutes to
27 create competition and help lower their prices; and

28 (4) In 2022, the Centers for Medicare and Medicaid Services define any drug for which the
29 negotiated price is six hundred seventy dollars (\$670) per month or more, as a specialty drug.

30 (b) As used in this section, the following words shall have the following meanings:

31 (1) "Complex or chronic medical condition" means a physical, behavioral, or
32 developmental condition that is persistent or otherwise long-lasting in its effects or a disease that
33 advances over time, and;

34 (i) May have no known cure;

- 1 (ii) Is progressive; or
- 2 (iii) Can be debilitating or fatal if left untreated or undertreated.
- 3 "Complex or chronic medical condition" includes, but is not limited to, multiple sclerosis,
4 hepatitis c, and rheumatoid arthritis.
- 5 (2) "Pre-service authorization" means a cost containment method that an insurer, a
6 nonprofit health service plan, or a health maintenance organization uses to review and preauthorize
7 coverage for drugs prescribed by a health care provider for a covered individual to control
8 utilization, quality, and claims.
- 9 (3) "Rare medical condition" means a disease or condition that affects fewer than:
- 10 (i) Two hundred thousand (200,000) individuals in the United States; or
- 11 (ii) Approximately one in one thousand five hundred (1,500) individuals worldwide.
- 12 "Rare medical condition" includes, but is not limited to, cystic fibrosis, hemophilia, and
13 multiple myeloma.
- 14 (4) "Specialty drug" means a prescription drug that exceeds the threshold for a specialty
15 drug under the Medicare Part D program (Medicare Prescription Drug Improvement and
16 Modernization Act of 2003 (Public Law 108-173)).
- 17 (5) "Specialty drug tier" means a formulary tier in the pharmacy benefit that imposes a
18 cost-sharing obligation for a specialty drug.
- 19 (c) Every individual or group health insurance contract, plan or policy that provides
20 prescription drug coverage and is delivered, issued for delivery or renewed in this state on or after
21 January 1, 2025, shall limit any required copayment of coinsurance applicable to covered drugs on
22 a specialty drug tier to an amount not to exceed one hundred fifty dollars (\$150) per month for each
23 drug up to a thirty-day (30) supply of any single drug. This limit shall be inclusive of any copayment
24 or coinsurance. This limit shall be applicable after any deductible is reached and until the
25 individual's maximum out-of-pocket limit has been reached.
- 26 (d) Nothing in this section shall prevent an entity subject to this section from reducing a
27 covered individual's cost sharing for a specialty drug to an amount less than that described in section
28 (c) of this section.
- 29 (e) The health insurance commissioner may promulgate any rules and regulations
30 necessary to implement and administer this section in accordance with any federal requirements
31 and shall use the commissioner's enforcement powers to obtain compliance with the provisions of
32 this section.

33 SECTION 4. Chapter 27-41 of the General Laws entitled "Health Maintenance
34 Organizations" is hereby amended by adding thereto the following section:

1 **27-41-38.3. Specialty drugs.**

2 (a) The general assembly makes the following findings:

3 (1) In 2015, an estimated six hundred thirty-five thousand (635,000) Rhode Island residents
4 had at least one chronic disease, and an estimated two hundred forty-nine thousand (249,000)
5 residents had two (2) or more chronic diseases, which significantly increases their likelihood to
6 depend on prescription specialty drugs;

7 (2) In 2016, twenty-five percent (25%) of Rhode Island residents stopped taking a
8 prescription drug as prescribed due to cost;

9 (3) Most specialty drugs do not have biosimilars, generic equivalents, or substitutes to
10 create competition and help lower their prices; and

11 (4) In 2022, the Centers for Medicare and Medicaid Services define any drug for which the
12 negotiated price is six hundred seventy dollars (\$670) per month or more, as a specialty drug.

13 (b) As used in this section, the following words shall have the following meanings:

14 (1) "Complex or chronic medical condition" means a physical, behavioral, or
15 developmental condition that is persistent or otherwise long-lasting in its effects or a disease that
16 advances over time, and:

17 (i) May have no known cure;

18 (ii) Is progressive; or

19 (iii) Can be debilitating or fatal if left untreated or undertreated.

20 "Complex or chronic medical condition" includes, but is not limited to, multiple sclerosis,
21 hepatitis c, and rheumatoid arthritis.

22 (2) "Pre-service authorization" means a cost containment method that an insurer, a
23 nonprofit health service plan, or a health maintenance organization uses to review and preauthorize
24 coverage for drugs prescribed by a health care provider for a covered individual to control
25 utilization, quality, and claims.

26 (3) "Rare medical condition" means a disease or condition that affects fewer than:

27 (i) Two hundred thousand (200,000) individuals in the United States; or

28 (ii) Approximately one in one thousand five hundred (1,500) individuals worldwide.

29 "Rare medical condition" includes, but is not limited to, cystic fibrosis, hemophilia, and
30 multiple myeloma.

31 (4) "Specialty drug" means a prescription drug that exceeds the threshold for a specialty
32 drug under the Medicare Part D program (Medicare Prescription Drug Improvement and
33 Modernization Act of 2003 (Public Law 108-173)).

34 (5) "Specialty drug tier" means a formulary tier in the pharmacy benefit that imposes a

1 cost-sharing obligation for a specialty drug.

2 (c) Every individual or group health insurance contract, plan or policy that provides
3 prescription drug coverage and is delivered, issued for delivery or renewed in this state on or after
4 January 1, 2025, shall limit any required copayment of coinsurance applicable to covered drugs on
5 a specialty drug tier to an amount not to exceed one hundred fifty dollars (\$150) per month for each
6 drug up to a thirty-day (30) supply of any single drug. This limit shall be inclusive of any copayment
7 or coinsurance. This limit shall be applicable after any deductible is reached and until the
8 individual's maximum out-of-pocket limit has been reached.

9 (d) Nothing in this section shall prevent an entity subject to this section from reducing a
10 covered individual's cost sharing for a specialty drug to an amount less than that described in section
11 (c) of this section.

12 (e) The health insurance commissioner may promulgate any rules and regulations
13 necessary to implement and administer this section in accordance with any federal requirements
14 and shall use the commissioner's enforcement powers to obtain compliance with the provisions of
15 this section.

16 SECTION 5. This act shall take effect on January 1, 2025.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE -- ACCIDENT AND SICKNESS INSURANCE POLICIES

1 This act would limit the copayment or coinsurance requirement on specialty drugs to one
2 hundred fifty dollars (\$150) for a thirty (30)-day supply regarding any specialty drug in any
3 individual or health insurance contract, plan or policy issued, delivered or renewed on or after
4 January 1, 2025. Specialty drugs would be defined as a drug prescribed to an individual with a
5 complex or chronic medical condition or a rare medical condition.

6 This act would take effect on January 1, 2025.

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