Department of Finance and Administration

Legislative Impact Statement

Bill: SB149
Bill Subtitle: TO REGULATE THE SUBSTITUTION OF BIOSIMILAR BIOLOGICAL PRODUCTS FOR CERTAIN PRESCRIBED PRODUCTS.

Basic Change :
Senator Files

Allows a pharmacy to switch a member to a "similar" biologic-based medication within a class instead of only allowing a switch to a specific generic version of the prescribed medicine. Generally biologic medications don't have a true equivalent generic product, the two products are viewed as "similar" and no automatic substitutions have been allowed.

Revenue Impact :
None – provided the following assumptions with the language are accurate:

- That the Board is not required to automatically cover the new Bio-similar products and the Board can still evaluate the clinical appropriateness of the new medication before making the drug available through the plan.
- That page 2, lines 1-5 provide protection to the plan so that our pricing strategy of discount off Average Wholesale Price (AWP) remains in place and that the “amount normally and regularly charged” remains at the Board discretion as it is now.

However, should either of these assumptions prove incorrect with the final version of the bill, I would anticipate cost increase due to the addition of new drugs and / or loss of pricing controls.

Taxpayer Impact :
None

Resources Required :
None

Time Required :
None

Procedural Changes :
None

Other Comments :
This would likely have a positive impact on the drug spend for the health plan since; generally speaking, the Biosimilar medications are somewhat less expensive than the original name brand. However the benefit would be small in comparison to the total drug spend and not be something that would provide any actuarial rating credit or discount but would simply be seen in the claims experience of future years. Additionally, I would read the phrase “lower cost” (page 1, line 36) as a lower ingredient cost for the medication and not simply a lower cost to the member such as a lower co-payment or co-insurance. If that is the basis for “lower cost” then the Board would need to ensure that reference pricing or the same tier structure is enforced for the original prescribed product as well as the bio-similar agent. It may serve the bill better if “lower cost” is further defined to be a lower cost of ingredient, member cost share, or other specific term.

Legal Analysis :
None