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PURPOSE OF BILL: SB 140

To mandate the use of biosimilar medicines under health benefit plans; to require a healthcare provider to prescribe biosimilar medicines; and to improve access to biosimilar medicines.

ACTUARIAL STATEMENT

The Fiscal Impact Statement was prepared according to generally accepted actuarial principles and practices, in compliance with ACT 112. The Statement provides an estimate of the financial and actuarial effect of the proposed change(s) on the Plans, if possible. The Statement makes no comment or opinion with regard to the merits of the measure for which the Statement is prepared; however, any identified technical or mechanical defects have been noted.

We have reviewed the input and results of our analysis for reasonableness and relied upon the data and information provided by the Plans and their Claims Processing Contractors.

3/18/2025

Patrick Klein, FSA, MAAA
Vice President, Segal

Date

3/18/2025

Matthew Kersting, FSA, MAAA
Vice President, Segal

Date

PROJECTED COSTS

Plan	Plan Design Change	Estimated Cost/(Savings)
EBD	Mandate for Use of Biosimilar and genetic medication	$18,000,000

PRICING APPROACH AND COMMENTS

Senate Bill 140 would require the use of biosimilar medicines under health benefit plans. Providers would be required to prescribe biosimilar medicines if available when initiating drug therapy but would be able to appeal this mandate for beneficiaries with step therapy protocols. Health plans would not be required to continue providing coverage for brand name drugs after a generic drug or biosimilar medicine is approved and marketed, therefore, eliminating any type of utilization management and costly medications could be prescribed by any provider for any indication

Under SB140, any generic drug that has a lower wholesale acquisition cost than its reference drug would need to be available on EBD's formulary with a more favorable cost-sharing without prior authorization, step therapy requirements or other limitations on coverage of the drug. One potential concern is one-off generic manufacturers increasing costs and pharmacies utilizing that generic drug to get better reimbursement with no utilization management in place. Despite generic drugs being less expensive than brand names in general, there are some that are still very expensive. EBD has utilized several generic drugs in CY 2025 costing over $1,000 per script. This bill would restrict the PBM's ability to manage these high-cost generics.

Senate Bill 140 would also require if a biosimilar medicine has a lower wholesale cost than its reference drug, health plans would need to make at least one biosimilar medicine available on the formulary with more favorable cost sharing. Plans would not be able to impose prior authorization, step therapy requirements, or other limitations on coverage. Additionally, plans would not be able to impose restrictions that make it more difficult for beneficiaries to obtain coverage of or access to the biosimilar medicine. These biosimilar drugs may have a lower wholesale cost, but a higher net cost after considering rebates.

EBD's PBM, Navitus, states that the bill would eliminate utilization management for generics and biosimilars and fear these medications could be prescribed by any provider for any indications, regardless of clinical efficacy or safety. Additionally, contracting on the other products could be influenced by these decisions. Navitus, estimates a negative financial impact of $18M. The cost impact is subject to change going forward as new biosimilars come to market.