BILL NUMBER: A1741A

 SPONSOR: Gottfried

 TITLE OF BILL:

 An act to amend the insurance law, in relation to calculating an insured

 individual's overall contribution to any out-of-pocket maximum or any

 cost-sharing requirement

 PURPOSE OR GENERAL IDEA OF BILL:

 Requires insurance companies or pharmacy benefit managers to apply price

 reduction instruments for out-of-pocket expenses when calculating an

 insured individual's cost-sharing requirement.

 SUMMARY OF PROVISIONS:

 Section 1 adds a new paragraph 36 to subsection (i) of section 3217 of

 the insurance law requiring any individual insurance policy that

 provides coverage for prescription drugs to apply any third-party

 payments or other price reduction instruments for out-of-pocket expenses

 made on behalf of an insured person when calculating the insured indi-

 vidual's overall contribution to any out-of-pocket maximum or cost-shar-

 ing requirement.

 Section 2 adds a new paragraph 21 to subsection (1) of section 3221 of

 the insurance law applying these same provisions to group or blanket

 policies that provide coverage for prescription drugs.

 Section 3 adds a new subsection (ss) to section 4303 of the insurance

 law applying these same provisions to non-profit medical expense indem-

 nity policies, hospital service corporations or health service corpo-

 rations that provides coverage for prescription drugs.

 Section 4 is the effective date.

 JUSTIFICATION:

 Recently, many insurance companies and pharmacy benefit managers have

 started to adopt new cost-shifting mechanisms that change the way an

 insured individual's out-of-pocket contributions for prescription drugs

 are calculated. These "copay accumulators" do not take into account any

 discounts or coupons that the insured person receives from the drug

 manufacturer when calculating the insured individual's out-of-pocket

 expenses.

 Some insurance plans with a deductible require that the patient pay up

 to a certain amount of out-of-pocket expenses before the plan pays for

 all of the healthcare services. Many drug manufacturers, especially for

 high-cost drugs that treat rare diseases offer copay cards or other

 assistance to help pay for their prescription drugs. By not applying the

 discounts paid by the manufacturer, it takes the insured person longer

 to reach their deductible. This means that the insured person has to

 continue to pay copays for the drug for a longer period of time and may

 be paying significantly more in out-of-pocket expenses.

 This practice shifts the cost towards patients as the insurance plan are

 essentially "double dipping" by requiring the patient to pay their

 normal copay and still receiving a discount or coupon from the drug

 manufacturer, while taking longer to satisfy their deductible. Several

 states have already prohibited copay accumulators including Arizona,

 Virginia and West Virginia. Several other states have introduced legis-

 lation (Connecticut, Illinois, California, and others) that is currently

 moving through the legislative process that either limit or prohibit the

 use of "copay accumulators" by insurers.

 PRIOR LEGISLATIVE HISTORY:

 2019-2020: A.8246 - referred to Insurance Committee

 FISCAL IMPLICATIONS:.

 None to the state.

 EFFECTIVE DATE:

 First of January next succeeding the date on which it shall become a

 law.