



SF 489 – Prescription Drug Formularies, Preserving Patient Stability (LSB2154SV)
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Fiscal Note Version – New

Description

[Senate File 489](#) requires continuity of care for covered persons with epilepsy; prohibits nonmedical switching by health carriers, health benefit plans, and utilization review organizations; and includes applicability provisions. The Bill provides exceptions for nonmedical switching if the U.S. Food and Drug Administration (FDA) issues a statement regarding the clinical safety of the drug, or if the manufacturer notifies the FDA of a discontinuance or planned discontinuance of the drug.

Background

Drug costs to the State of Iowa for medications related to the treatment of epilepsy were approximately \$1.0 million in FY 2018.

Nonmedical switching is the practice of switching a covered person's prescribed drug to a less costly alternative while the person has been determined to be medically stable while on the drug, without medical reasons given by the person's prescribing health care professional.

Assumptions

Enforcement

- Monitoring nonmedical switching would create an estimated five external reviews per week averaging three hours each for the Insurance Division of the Department of Commerce.
- External reviews would require an Insurance Program Specialist at a rate of \$49.31 per hour.
- Actively monitoring carriers' prescription drug benefits or changes would require an estimated 50 additional hours of Insurance Division staff time per year at a rate of \$52.89 per hour.

State of Iowa Employee Group Plan

- Formulary management currently results in cost of care savings between 2.0% and 11.0%.

Fiscal Impact

Total administrative costs associated with SF489 that would be realized by the Insurance Division to monitor and perform external reviews would be approximately \$41,100. The estimated annual increase in drug spending for the treatment of epilepsy for the State of Iowa employee group plan is between \$21,000 and \$115,000.

Sources

Iowa Department of Commerce, Insurance Division
Wellmark Blue Cross Blue Shield
Department of Administrative Services

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
