

**DEPARTMENT OF FINANCE BILL ANALYSIS**

**AMENDMENT DATE:** April 27, 2010  
**POSITION:** Oppose

**BILL NUMBER:** AB 2170  
**AUTHOR:** B. Lowenthal

**BILL SUMMARY: Health Care Coverage: Prescriptions: Formularies**

Under existing law, the Department of Managed Health Care (DMHC) and the Department of Insurance (DOI) are responsible for the licensure and regulation of health care service plans and insurers, respectively. Existing law prohibits a group health care service plan or health insurer from changing the premium rates, applicable copayments, coinsurance, or deductibles during certain time periods.

This bill would prohibit health care service plans or health insurers that cover prescription drugs, and that use a formulary, from increasing copayments or deductibles for formulary prescription drugs for the length of the contract or policy. A formulary is a list of those prescription drugs that are covered by an enrollee's drug benefit. The formulary list is generally classified by cost.

This bill would not apply to health plan contracts issued through a publicly funded state health care coverage program, including Medi-Cal, Healthy Families, or Medicare supplemental contracts or policies.

**FISCAL SUMMARY**

The DMHC indicates its first-year cost would be approximately \$31,000.

The DOI indicates its costs would be minor and absorbable.

**COMMENTS**

Finance is opposed to this bill for the following reason:

- This bill could conflict with state implementation of national health care reform, which calls for new and revised products and rates to be developed beginning in 2010.

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	FC	(Fiscal Impact by Fiscal Year)			Fund Code
				(Dollars in Thousands)			
				2009-2010	2010-2011	2011-2012	
2400/MngedHltCare	SO	No		--	C	\$31	-- 0933
0845/Insurance	SO	No		----- No/Minor Fiscal Impact -----			0217
<u>Fund Code</u>	<u>Title</u>						
0217	Insurance Fund						
0933	Managed Care Fund						

Analyst/Principal (0761) C. Hill	Date	Program Budget Manager Mark Hill	Date
-------------------------------------	------	-------------------------------------	------

Department Deputy Director	Date
----------------------------	------

Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

**BILL ANALYSIS** Form DF-43 (Rev 03/95 Buff)