

2021 -- S 0381

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

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A N A C T

RELATING TO INSURANCE -- PRESCRIPTION DRUG BENEFITS

Introduced By: Senators McCaffrey, DiPalma, Quezada, and Miller

Date Introduced: February 25, 2021

Referred To: Senate Health & Human Services

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 27-20.8-1 and 27-20.8-2 of the General Laws in Chapter 27-20.8
2 entitled "Prescription Drug Benefits" are hereby amended to read as follows:

3 **27-20.8-1. Definitions.**

4 For the purposes of this chapter, the following terms shall mean:

5 (1) "Director" shall mean the director of the department of business regulation.

6 (2) "Health insurance carrier" means a person, firm, corporation, or other entity subject to
7 the jurisdiction of the commissioner under this chapter. Such term does not include a group health
8 plan.

9 ~~(2)(3)~~ "Health plan" or "health benefit plan" means health insurance coverage and a group
10 health plan, including coverage provided through an association plan if it covers Rhode Island
11 residents shall mean an insurance carrier as defined in chapters 18, 19, 20 and 41 of this title.

12 ~~(3)(4)~~ "Insured" shall mean any person who is entitled to have pharmacy services paid by
13 a health ~~plan~~ insurance carrier pursuant to a policy, certificate, contract or agreement of insurance
14 or coverage including those administered for the health ~~plan~~ insurance carrier under a contract with
15 a third-party administrator that manages pharmacy benefits or pharmacy network contracts.

16 (5) "Out-of-pocket expenditure" means a co-payment, coinsurance, deductible, or other
17 cost-sharing mechanism.

18 (6) "Pharmacy benefit manager" or "PBM" means an entity doing business in this state that
19 contracts to administer or manage prescription drug benefits on behalf of any health insurance

1 [carrier that provides prescription drug benefits to residents of this state.](#)

2 **27-20.8-2. Pharmacy benefit, limits and co-payments.**

3 Any health ~~plan~~ [insurance carrier](#) that offers pharmacy benefits, [pursuant to a policy,](#)
4 [certificate, contract or agreement of insurance or coverage including those administered for health](#)
5 [insurance carrier under a contract with a third-party administrator that manages pharmacy benefits](#)
6 [or pharmacy network contracts issued on or after January 1, 2022,](#) shall comply with the following:

7 (a) When a health ~~plan's~~ [insurance carrier's](#) pharmacy benefit has a dollar limit, the
8 insured's use of such benefit shall be determined based on the health ~~plan's~~ [insurance carrier's](#)
9 contracted rate to purchase the drug minus the enrollee's applicable co-payment for covered drugs.
10 The balance will apply towards the enrollee's dollars limit.

11 (b) When a health ~~plan~~ [insurance carrier](#) charges a co-payment for covered prescription
12 drugs that is based on a percent of the drug cost, the health ~~plan~~ [insurance carrier](#) shall disclose
13 within the group policy or individual policy benefits description statement whether the co-payment
14 is based on the ~~plan's~~ [health insurance carrier's](#) contracted rate to purchase the drug or some other
15 cost basis such as retail price.

16 [\(c\) A health insurance carrier or other health benefit plan offered by a health insurer or](#)
17 [pharmacy benefit manager shall not include an annual or lifetime dollar limit on prescription drug](#)
18 [benefits for any individual.](#)

19 [\(d\) A health insurance carrier or other health benefit plan offered by a health insurer or](#)
20 [pharmacy benefit manager shall limit a beneficiary's out-of-pocket expenditures for prescription](#)
21 [drugs, including specialty drugs, to no more for self-only and family coverage per year than the](#)
22 [minimum dollar amounts in effect under § 223\(c\)\(2\)\(A\)\(i\) of the Internal Revenue Code of 1986](#)
23 [for self-only and family coverage.](#)

24 [\(e\) For prescription drug benefits offered in conjunction with a "high-deductible health](#)
25 [plans" \(HDHP\) as defined in § 223\(c\)\(2\)\(A\)\(i\) of the Internal Revenue Code of 1986, a health](#)
26 [insurance carrier may not provide prescription drug benefits until the expenditures applicable to](#)
27 [the deductible under the HDHP have met the amount of the minimum annual deductibles in effect](#)
28 [for self-only and family coverage under § 223\(c\)\(2\)\(A\)\(i\) of the Internal Revenue Code of 1986](#)
29 [for self-only and family coverage, respectively. Once the foregoing expenditure amount has been](#)
30 [met under the HDHP, coverage for prescription drug benefits shall begin, and the limit on out-of-](#)
31 [pocket expenditures for prescription drug benefits shall be as specified in subsection \(d\) of this](#)
32 [section.](#)

33 [\(f\) The office of the health insurance commissioner may use any of its enforcement powers](#)
34 [to obtain compliance with this section.](#)

1 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO INSURANCE -- PRESCRIPTION DRUG BENEFITS

1 This act would provide that health insurance policies that provide prescription drug
2 coverage not include an annual or lifetime dollar limit on drug benefits.

3 This act would take effect upon passage.

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