

2021 -- S 0381 SUBSTITUTE A

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

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 plan" shall mean ~~an~~ [a health](#) insurance carrier as defined in chapters 18, 19, 20
7 and 41 of this title.

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

12 [\(4\) "Out-of-pocket expenditure" means a co-payment, coinsurance, deductible, or other](#)
13 [cost-sharing mechanism.](#)

14 [\(5\) "Pharmacy benefit manager" means an entity doing business in this state that contracts](#)
15 [to administer or manage prescription drug benefits on behalf of any health plan that provides](#)
16 [prescription drug benefits to residents of this state.](#)

17 **27-20.8-2. Pharmacy benefit, limits and co-payments.**

18 Any health plan that offers pharmacy benefits, [pursuant to a policy, certificate, contract or](#)
19 [agreement of insurance or coverage including those administered for health plans under a contract](#)

1 with a third-party administrator that manages pharmacy benefits or pharmacy network contracts
2 issued on or after January 1, 2022, shall comply with the following:

3 (a) When a health plan's pharmacy benefit has a dollar limit, the insured's use of such
4 benefit shall be determined based on the health plan's contracted rate to purchase the drug minus
5 the enrollee's applicable co-payment for covered drugs. The balance will apply towards the
6 enrollee's dollars limit.

7 (b) When a health plan charges a co-payment for covered prescription drugs that is based
8 on a percent of the drug cost, the health plan shall disclose within the group policy or individual
9 policy benefits description statement whether the co-payment is based on the health plan's
10 contracted rate to purchase the drug or some other cost basis such as retail price.

11 (c) A health benefit plan offered by a health plan or pharmacy benefit manager shall not
12 include an annual or lifetime dollar limit on prescription drug benefits for any individual.

13 (d) A health benefit plan offered by a health plan or pharmacy benefit manager shall limit
14 a beneficiary's out-of-pocket expenditures for prescription drugs, including specialty drugs, to no
15 more for self-only and family coverage per year than the minimum dollar amounts in effect under
16 § 223(c)(2)(A)(i) of the Internal Revenue Code of 1986 for self-only and family coverage.

17 (e) For prescription drug benefits offered in conjunction with a "high-deductible health
18 plans" (HDHP) as defined in § 223(c)(2)(A)(i) of the Internal Revenue Code of 1986, a health plan
19 may not provide prescription drug benefits until the expenditures applicable to the deductible under
20 the HDHP have met the amount of the minimum annual deductibles in effect for self-only and
21 family coverage under § 223(c)(2)(A)(i) of the Internal Revenue Code of 1986 for self-only and
22 family coverage, respectively. Once the foregoing expenditure amount has been met under the
23 HDHP, coverage for prescription drug benefits shall begin, and the limit on out-of-pocket
24 expenditures for prescription drug benefits shall be as specified in subsection (d) of this section.

25 (f) The office of the health insurance commissioner may use any of its enforcement powers
26 to obtain compliance with this section.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO INSURANCE -- PRESCRIPTION DRUG BENEFITS

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

3 This act would take effect upon passage.

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