

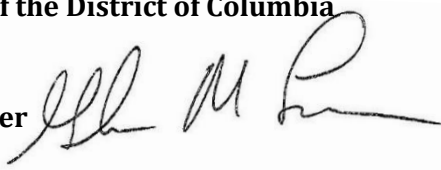
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer 

DATE: March 15, 2023

SUBJECT: Fiscal Impact Statement – Copay Accumulator Amendment Act of 2023

REFERENCE: Bill 25-141, Draft Committee Print as provided to the Office of Revenue Analysis on March 10, 2023

Conclusion

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill.

Background

Cost-sharing agreements between health insurers and the insured, such as deductibles, copays, and out-of-pocket maximums, require insured individuals to pay a portion of costs for medical care or prescription drugs up to a certain amount. Drug manufactures and other third-parties have created assistance programs that use coupons and other discounts to reduce out-of-pocket expenses for the insured. In response to these programs, health insurance companies created copay accumulator adjustment programs to exclude the value of third-party discounts from counting towards a deductible or out-of-pocket maximum. This allows insurance companies to receive the benefit of the manufacture discount and receive out-of-pocket payments once discounts are exhausted by the insured.

The bill requires¹ health insurers to reduce an insurance plan member's required contribution to coinsurance, copayment, cost-sharing responsibility, deductible, or out-of-pocket maximum for any covered prescription drug by the amount of any discount, financial assistance, payment, product voucher, or any other reduction in out-of-pocket expenses offered by third-parties. This requirement

¹ By amending The Specialty Drug Copayment Limitation Act of 2016, effective April 7, 2017 (D.C. Law 21-248; D.C. Official Code § 48-855.01 et seq.).

The Honorable Phil Mendelson

FIS: Bill 25-141, "Copay Accumulator Amendment Act of 2023," Draft Committee Print as provided to the Office of Revenue Analysis on March 10, 2023

is not applicable to high deductible health plans² until members satisfy minimum deductible requirements. The requirements apply to health benefit plans entered into, amended, extended, or renewed on or after January 1, 2025. The Department of Insurance, Securities, and Banking (DISB) is responsible for enforcing compliance with the bill's requirements.

Financial Plan Impact

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. Requiring health insurers to reduce cost-sharing agreement contributions by the amount of third-party discounts does not have a cost to the District. DISB can enforce the requirements in the bill with current resources.

² As defined under 26 U.S.C. § 223.