

**ASSEMBLY BILL**

**No. 2436**

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**Introduced by Assembly Member Roger Hernández**

February 19, 2016

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An act to add Section 1367.207 to the Health and Safety Code, immediately following Section 1367.205, and to add Section 10123.202 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 2436, as introduced, Roger Hernández. Health care coverage: disclosures: drug pricing.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law also provides for the regulation of health insurers by the Department of Insurance. Existing law imposes various requirements on contracts and policies that cover prescription drug benefits.

This bill would require a health care service plan contract or a policy of health insurance that is issued, amended, or renewed on or after January 1, 2017, and that provides coverage for prescription drug benefits to notify the enrollee or insured of specified information related to the cost of a prescription drug at the time that the drug is purchased or delivered. Because a willful violation of the bill's requirements by a health care service plan would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1367.207 is added to the Health and  
2 Safety Code, to read:

3 1367.207. A health care service plan contract issued, amended,  
4 or renewed on or after January 1, 2017, that provides coverage for  
5 prescription drug benefits shall require the plan to notify the  
6 enrollee of the following at the time of purchase or time of delivery  
7 of a prescription drug:

8 (a) The enrollee's share of the cost for the prescription drug,  
9 including any copayment, coinsurance, or other cost sharing, and  
10 the accumulation of that cost sharing to the enrollee's deductible,  
11 if any, or out-of-pocket maximum.

12 (b) The cost of the prescription drug to the plan, after applying  
13 any discounts, rebates, or other reductions in cost to the plan.

14 (c) The cost of the prescription drug in United States dollars in  
15 the following countries:

16 (1) Canada.

17 (2) Germany.

18 (3) Mexico.

19 SEC. 2. Section 10123.202 is added to the Insurance Code,  
20 immediately following Section 10123.201, to read:

21 10123.202. A policy of health insurance issued, amended, or  
22 renewed on or after January 1, 2017, that provides coverage for  
23 prescription drug benefits shall require the insurer to notify the  
24 insured of the following at the time of purchase or time of delivery  
25 of a prescription drug:

26 (a) The insured's share of the cost for the prescription drug,  
27 including any copayment, coinsurance, or other cost sharing, and  
28 the accumulation of that cost sharing to the insured's deductible,  
29 if any, or out-of-pocket maximum.

30 (b) The cost of the prescription drug to the insurer, after applying  
31 any discounts, rebates, or other reductions in cost to the insurer.

32 (c) The cost of the prescription drug in United States dollars in  
33 the following countries:

- 1 (1) Canada.
- 2 (2) Germany.
- 3 (3) Mexico.

4 SEC. 3. No reimbursement is required by this act pursuant to  
5 Section 6 of Article XIII B of the California Constitution because  
6 the only costs that may be incurred by a local agency or school  
7 district will be incurred because this act creates a new crime or  
8 infraction, eliminates a crime or infraction, or changes the penalty  
9 for a crime or infraction, within the meaning of Section 17556 of  
10 the Government Code, or changes the definition of a crime within  
11 the meaning of Section 6 of Article XIII B of the California  
12 Constitution.

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