



## Fiscal Estimate Narratives

ETF 5/16/2006

LRB Number	<b>05-4689/1</b>	Introduction Number	<b>AB-1218</b>	Estimate Type	<b>Original</b>
<b>Description</b> Requiring health insurance policies to cover orphan drugs and granting rule-making authority					

### Assumptions Used in Arriving at Fiscal Estimate

AB 1218 requires health insurance plans offered by the state under chapter 40 to cover certain drugs for rare diseases referred to Orphan drugs by the Food and Drug Administration (FDA). AB 1218 also provides that a plan may apply current benefit exclusions and limitations to the list of covered orphan drugs (meaning that if the plan currently excludes coverage of a disease, the plan will not be required to cover the associated orphan drug). According to the Group Insurance Board's administrator of the prescription drug program, there are currently 134 orphan drugs identified by the FDA. Our program covers 122 of them on the preferred drug formulary. The remaining drugs are currently either excluded under the contract( e.g. infertility drugs) or are specific brands of drugs not covered by the formulary where other brands are covered ( e.g. growth hormones)

This fiscal estimate assumes that the plan will continue to apply the current benefit exclusions and formulary limitations under the current prescription drug plan. This estimate also assumes that the current FDA list of orphan drugs will remain unchanged. Under these assumptions, there will be no fiscal effect.

### Long-Range Fiscal Implications