

Fiscal Estimate Narratives

OCI 9/20/2021

LRB Number	21-4345/1	Introduction Number	SB-540	Estimate Type	Original
Description creating a prescription drug affordability review board and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

Senate Bill 540 directs the Office of the Commissioner of Insurance (OCI) to create a prescription drug affordability review board. The board consists of the Commissioner of Insurance and the following individuals that are appointed by the Governor for four-year terms:

- Two members from the pharmaceutical drug industry (at least one of whom is a licensed pharmacist)
- Two members from the health insurance industry
- Two members from the health care industry (at least one of whom is a licensed practitioner)
- Two members who represent the interests of the public

The bill directs the board to meet in open session at least four times per year to review prescription drug pricing information. Senate Bill 540 directs the board to evaluate drug pricing information, to the extent practicable, by accessing and assessing information from other states, by assessing spending for the drug in Wisconsin, and by accessing other available pricing information.

The purpose of the board is to conduct drug cost affordability reviews. The board will identify prescription drugs whose increase in wholesale acquisition cost exceeds specified thresholds and other prescription drugs that may create affordability challenges for the health care system in Wisconsin. For each identified prescription drug, the board must determine whether to conduct an affordability review by seeking stakeholder input and considering the average patient cost share for the drug. During an affordability review, the board must determine whether the use of the prescription drug is fully consistent with the labeling approved by the federal Food and Drug Administration, or standard medical practice has led or will lead to an affordability challenge for the health care system in Wisconsin.

At this time, OCI cannot determine the fiscal effect this legislation will have on staff time and agency resources.

Long-Range Fiscal Implications

None.