

Legislative Analysis



REQUIRE HEALTH INSURANCE COVERAGE OF PREP

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<http://www.house.mi.gov/hfa>

House Bill 5340 as introduced
Sponsor: Rep. Mike McFall
Committee: Insurance and Financial Services
Complete to 12-4-24

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5340 would amend the Insurance Code to require that any insurer that delivers, issues for delivery, or renews a health insurance policy in Michigan that provides coverage for prescription drugs to provide coverage, without **cost sharing**, for products approved by the U.S. Food and Drug Administration (FDA) for pre-exposure prophylaxis (PREP) with effective antiretroviral therapy for the reduction of risk of HIV infection, including any clinical services necessary for the individual to receive the prescription, such as an HIV test, a physician office visit, or counseling by a pharmacist. An insurer could not exclude or limit coverage for PREP when dispensed or administered by **pharmacy personnel**.

Cost sharing would mean an enrollee's individual financial responsibility associated with receiving specific services, including copayments, coinsurance, and the application of a deductible. It would not include the payment of a premium.

Pharmacy personnel would mean a pharmacist and, when acting under pharmacist supervision in accordance with applicable law, a pharmacy intern or technician.

An insurer could not limit the subject PREP to prior authorization or step therapy unless the FDA has approved one or more therapeutic equivalents of a drug, device, or product for the prevention of HIV.

The bill would not require an insurer to do either of the following:

- Add coverage for PREP or related services furnished by an out-of-network provider.
- Cover all of the therapeutically equivalent versions without prior authorization or step therapy, as long as at least one therapeutically equivalent version is covered without prior authorization or step therapy.

Proposed MCL 500.3406dd

FISCAL IMPACT:

House Bill 5340 would not have a direct fiscal impact on any units of state or local government. However, Section 150 of the Insurance Code provides for recourse and penalties in the event of a violation of the code. Under the provisions of that section, violators have the opportunity for an administrative hearing before the DIFS director, who may levy a civil fine of \$1,000 for each violation, or \$5,000 if the individual knew or reasonably should have known that they were violating the Insurance Code. Civil fine payments under the Insurance Code are capped at \$50,000, and any revenue collected must be deposited to the state's general fund. To the

extent that violations of new provisions within the bill occur, additional general fund revenue may indirectly be realized and enforcement costs incurred.

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