

Bill Summary

AB 2180 would prohibit the use of copayment adjustment programs by state-regulated health plans, insurers, and PBMs on financial assistance from drug copay assistance programs run by nonprofit organizations.



Insurance Subject to the Mandate

AB 2180 would apply to the health insurance of about **22.3 million enrollees** (59.6% of all Californians)

- CDI and DMHC-regulated** (Commercial & CalPERS)
- Medi-Cal** (DMHC-regulated)

At baseline, **13,162,000 enrollees** have an outpatient pharmacy benefit regulated by DMHC or CDI.

Background

In 2022, **specialty drugs** accounted for 1.6% of all prescription drugs dispensed for DMHC-regulated plans, but 64% of total annual drug spending.

Drug copay assistance programs: provide financial support for prescription drugs - particularly specialty drugs - to the underinsured.



Copayment adjustment programs: used as a cost control method, they prohibit payments from third parties from counting towards an enrollee's OOP maximum.

Impacts

Baseline:



Postmandate:



Postmandate, with the prohibition of copayment adjustment programs, copay assistance would count towards OOP maximums. Some enrollees would reach their **OOP maximum earlier** in the year and utilize services that they would not have used prior to enactment of AB 2180; these **additional services** would be fully paid for by the health plans/insurers.

Expenditures

In Year 1, CHBRP estimates AB 2180 would increase total net annual expenditures by **\$24,714,000 (0.02%)**, for enrollees in state-regulated insurance.



This is due to a **\$52,745,000 increase** in total health insurance premiums and a **\$28,031,000 decrease** in enrollee expenses.

Long-Term Impacts

If enacted, AB 2180 may lead to changes such as:

- increased funding to drug copay assistance programs
- removal of certain specialty drugs from drug formularies
- higher utilization of medications for chronic diseases



For these reasons, in Year 2, CHBRP estimates AB 2180 would increase total net annual expenditures by **\$94,953,000 (0.06%)**, for enrollees in state-regulated insurance.

California Public Employees' Retirement System (**CalPERS**), California Health Benefits Review Program (**CHBRP**), California Department of Insurance (**CDI**), California Department of Managed Health Care (**DMHC**), Out-of-pocket (**OOP**), Pharmacy Benefit Manager (**PBM**)