



2018 New York State YMCA

Youth And Government

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Committee Assignment: Senate 4

Bill #: S-29

1 **Sponsors:** LeAsia Royall, Arianna Brooks, Shawn Grant, and Mujidat Abijako

2

3 **AN ACT TO:** Amend article 2-A of Public Health Law to require insurance
4 companies to notify their insurance holders 60 days before scheduled increase of
5 payment for prescription drugs.

6

7 *The People of the State of New York, represented*
8 *in the Senate and assembly, do enact as follows:*

9 **PURPOSE:**

10 To guarantee that insurance companies have a valid and explicit reason for the rise
11 in payment for prescription drugs. This will help with lifting the veil on soaring drug
12 prices and identifying meaningful strategies to ensure access to life-saving
13 treatment

14

15 **SUMMARY OF PROVISIONS:**

16 **Section 1**

17 Prescription drugs- is a pharmaceutical drug that legally requires a medical
18 prescription to be dispensed.

19 Over-the-counter drugs- drugs are medicines sold directly to a consumer without a
20 prescription from a healthcare professional

21 Pharmaceutical Companies- is a commercial business licensed to research, develop,
22 market and/or distribute drugs

23 Insurance Holder- a person who holds an insurance policy: usually the client in
24 whose name and insurance policy is written.

25 **Section 2**

26 a. All Insurance companies will be required to notify their insurance holders at
27 least 60 days before scheduled prescription drug price rises

28 b. A document stating the reasons of price increase shall be submitted to New
29 York State's Office of Statewide Health Planning and Development for review
30 and approval.

31 c. Reasons for price increases may include but are not limited to; dosage
32 adjustments, patent expiration, and supply and demand issues.



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33 d. From the date of approval, Insurance Companies must send out a formal
34 statement to all insurance holders, addressing the recent price increases
35 and the reasons behind it. This will create awareness to insurance holders to
36 prepare them for the price increase.

37

38 **JUSTIFICATION:**

39 As of now insurance companies can increase payments for insurance holders
40 without a reasonable notice. Currently in New York State law there are no
41 regulations on payment adjustment for the insurance holders. Back in 2015, a drug
42 called Daraprim, a drug long used to treat parasitic infections in HIV patients and
43 pregnant women went from \$13.50 to \$750 dollars in the matter of a couple of
44 days without any notice and explanations. With that perception drug increase, there
45 was no notice given to the insurance holders and had to come out of pocket. Annual
46 drug costs went up by \$11.2 million thanks to sharp increases in the prices of nine
47 different drugs. With the help of this bill, it will give people a full understanding of
48 why the prescription drug prices are increasing and a for the insurance holders for
49 why copayments and prices are climbing. One of the most important facts is that
50 most of these price increases are hidden from the consumer because many of the
51 drugs involved are medications hospitals give to inpatients. With this bill enacted it
52 will increase the public knowledge of the rise in prices and reasoning behind it

53

54 **FISCAL IMPLICATIONS:**

55 The fiscal implications of this bill will be negligible. The only cost will come from
56 paying the worker to go through each plan of rising prices and prices for delivering
57 paperwork.

58

59 **EFFECTIVE DATE:**

60 This bill will go into effect one year after passage