

TAHP Opposes HB 2180 Unless Amended

Rebate Savings Should Benefit Everyone



TAHP Opposes HB 2180 because the mandate limits how employers and health plans can use rebate savings to lower costs for everyone. As a result, it would increase health insurance premiums and the overall cost of prescription drug coverage.

It's About Choice: Most employers use drug rebate savings to lower the cost of health insurance for all employees. Point-of-sale rebates, however, benefit a small number of individuals at the pharmacy counter, usually around 3-5%. Those choices have trade-offs. Under HB 2180, only a few patients see savings at the pharmacy, but premiums and out-of-pocket costs will go up for everyone. **Everyone is paying higher premiums because of the high price of drugs, so everyone should benefit from the rebate savings.**

EXAMPLE: The Fiscal Note on HB 2180 shows how a point of sale mandate will increase premiums for active and retired teachers by \$77 million over the next biennium by **limiting the agency's ability to use rebate savings to lower teachers' premiums.**

Our ask: Require 100% of drug rebates to go towards reducing health care costs or premiums, ensuring everyone benefits from 100% of rebate savings.

Our proposal would eliminate this fiscal note and still ensure that 100% of rebates are used to lower the cost of care for everyone.

Our proposal aligns with the House Select Committee on Health Care Reform's interim recommendation: "Consider opportunities to ensure rebates are used to **lower the cost of coverage.**" This recommendation ensures that rebates are always going to lower costs but mitigates unintended consequences.



Evidence Against Point-of-Sale Rebate Mandates: Increased Premiums and Drug Costs

- California's independent analysis found that a point-of-sale rebate mandate would increase insurance premiums by \$200 million annually. The proposal would help 4% of enrollees but would increase premiums for 100% of enrollees. The California Senate Appropriations Committee refused to advance that bill.
- The [Congressional Budget Office \(CBO\)](#) estimated that a Medicare point-of-sale rebate mandate would increase premiums by \$43 billion (25%) over a decade and federal spending by \$137 billion.

Elected officials should not exempt their personal coverage, ERS, and TRS from this cost and pass it on to everyone else to eliminate the fiscal note.