

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 6606
BILL NUMBER: SB 184

NOTE PREPARED: Dec 15, 2024
BILL AMENDED:

SUBJECT: Coverage for Clean Dietary Supplements.

FIRST AUTHOR: Sen. Dernulc
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill requires a State Employee Health Plan (SEHP), a policy of accident and sickness insurance, and a health maintenance organization contract to provide coverage for clean dietary supplements that are prescribed to certain individuals by a health care provider.

Effective Date: July 1, 2025.

Explanation of State Expenditures: *State Employee Health Plan (SEHP):* The bill would likely increase claims for coverage of clean dietary supplements, and could increase costs for the SEHP by an indeterminable amount. If 25% of covered SEHP individuals were approved for claims at the average price of the dietary supplements listed in the bill, state costs would increase by an estimated \$1.5M annually. Actual cost increases would depend on the utilization of supplements by members, the timing of a claim for members on a high deductible health plan, and the prescribing practices of health care providers.

Dietary supplements may be purchased within an individuals' health savings account (HSA). To date, HSA member paid purchases without a claim are not applied toward the individuals' deductible. The bill could increase claims towards a members deductible and out of pocket limit. Any change or increase in SEHP costs or premiums may be mitigated with adjustments to other benefits or to employee compensation packages.

Additional Information: The estimate is based on the average prices listed online from CVS for the 6 "clean dietary supplements" identified in the bill. This cost estimate also assumes an individual purchases the dietary supplement four times per year. The estimate also assumes 25% of members will purchase such supplements. The State Personnel Department (SPD) is the SEHP plan administrator and the prescription drug benefit plan is managed by CVS Caremark.

The CDC National Center for Health Statistics estimates that nearly 60% of all adults have used a dietary supplement in the past 30 days. It is unknown the extent to which health care providers may prescribe these supplements.

Explanation of State Revenues: *Insurance Premiums:* If insurance premium collections in the state increase

as the result of coverage of clean dietary supplements, revenue to the state General Fund from the corporate Adjusted Gross Income Tax and the Insurance Premium Tax could increase. The Insurance Premium Tax is a 1.3% tax on gross premiums received by insurance companies. The Insurance Premium Tax generated roughly \$266.4 M in revenue during FY 2024. Insurance Premium Tax revenue is currently distributed into the state General Fund.

Explanation of Local Expenditures: Local entities providing health insurance through the state health plan, a policy of accident and sickness, or a health maintenance organization would have increased costs to provide coverage for clean dietary supplements, as prescribed by a health care provider. Costs are indeterminate, yet could be significant.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local entities providing health care insurance.

Information Sources: Food and Drug Administration; <https://www.cvs.com/pharmacy>;
CDC National Center for Health Statistics: <https://www.cdc.gov/nchs/products/databriefs/db399.htm>.

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