



PRELIMINARY DRAFT
No. 3250

PREPARED BY
LEGISLATIVE SERVICES AGENCY
2013 GENERAL ASSEMBLY

DIGEST

Citations Affected: IC 6-3-3-9.1.

Synopsis: Income tax credit for specialty drugs. Provides a refundable individual income tax credit to the extent that a taxpayer's copayment or coinsurance amount in a particular year for specialty drugs exceeds 8% of the taxpayer's federal adjusted gross income for that year. Defines "specialty drug" as a drug that meets the following conditions: (1) The amount of coinsurance or copayments paid for the drug is more than \$600 per month. (2) The drug is included in a specialty pricing group or tier. (3) The drug satisfies other requirements concerning use, handling, and patient management.

Effective: January 1, 2013 (retroactive).



A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-3-9.1 IS ADDED TO THE INDIANA CODE
2 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2013 (RETROACTIVE)]: **Sec. 9.1. (a) As used in this
4 section, "specialty drug" means a drug that meets all the following
5 conditions:**

6 **(1) The amount of coinsurance or copayments paid by the
7 taxpayer for the drug under the taxpayer's health insurance
8 plan is more than six hundred dollars (\$600) per month.**

9 **(2) The drug is included in a specialty pricing group or tier of
10 the drug formulary under the taxpayer's health insurance
11 plan.**

12 **(3) The drug typically:**

13 **(A) is used to treat a chronic condition;**

14 **(B) requires special handling and distribution; and**

15 **(C) requires a high degree of patient management and
16 counseling.**

17 **(b) As used in this section, "taxpayer" means:**

18 **(1) an individual filing a single return; or**

19 **(2) a married couple filing a joint return.**

20 **(c) A taxpayer who pays copayment or coinsurance amounts in
21 a taxable year for one (1) or more specialty drugs is entitled to a
22 refundable tax credit against the taxpayer's adjusted gross income
23 tax liability imposed by IC 6-3-1 through IC 6-3-7 for the taxable
24 year if the amount paid during the taxable year by the taxpayer as
25 copayment or coinsurance for specialty drugs under the taxpayer's
26 health insurance plan exceeds eight percent (8%) of the taxpayer's
27 federal adjusted gross income for the taxable year.**

28 **(d) The amount of the tax credit under this section is equal to
29 the result of:**

30 **(1) the amount paid during the taxable year by the taxpayer
31 as copayment or coinsurance for specialty drugs under the**



- 1 taxpayer's health insurance plan; minus
2 (2) the amount equal to eight percent (8%) of the taxpayer's
3 federal adjusted gross income for the taxable year.
- 4 (e) If the amount of the credit under this section exceeds the
5 taxpayer's adjusted gross income tax liability for the taxable year,
6 the excess shall be refunded to the taxpayer.
- 7 (f) To receive a credit under this section, a taxpayer must:
8 (1) claim the credit on the taxpayer's annual state tax return
9 or returns in the manner prescribed by the department; and
10 (2) submit to the department all information that the
11 department determines is necessary for the calculation of the
12 credit under this section.
- 13 SECTION 2. [EFFECTIVE JANUARY 1, 2013 (RETROACTIVE)]
14 (a) IC 6-3-3-9.1, as added by this act, applies to taxable years
15 beginning after December 31, 2012.
16 (b) This SECTION expires July 1, 2017.
17 SECTION 3. An emergency is declared for this act.

