

Amendment Summary

A07349 (Rafferty)

COMMITTEE: Banking and Insurance

DATE: 6/3/10

PRIME SPONSOR: D. White

BILL NO: HB838

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Amendment A07349 amends the Insurance Company Law of 1921 providing for the provision of prescription benefits by health plans.

This amendment clarifies the section on access to community pharmacy services by describing prohibited coverage discrimination. With respect to prescription medications dispensed by a pharmacy which agrees to participate in a provider network, no health insurance policy, government program or pharmacy benefit manager providing coverage or reimbursement for the dispensing of prescription medications will do the following as a condition for the provision of benefits or for the payment of reimbursement for medications or pharmacy services:

- Require a covered individual to obtain any prescription medication from a mail order pharmacy
- Impose upon a covered individual utilizing a retail community pharmacy any co-payment, deductible, or other cost-sharing requirement, or prior authorization requirement, not imposed upon a covered individual utilizing a mail order pharmacy
- Subject any medication dispensed by a retail community pharmacy to a covered individual to a minimum or maximum quantity limit, length of script, restriction on refills, or requirement to obtain refills, not imposed upon a mail order pharmacy
- Require a covered individual in whole or in part to pay for any medication dispensed by a retail community pharmacy and seek reimbursement when the individual is not required to pay for and seek reimbursement in the same manner for a prescription dispensed by a mail order pharmacy
- Subject a covered individual to any administrative requirement in order to use a retail community pharmacy that is not imposed upon the use of a mail order pharmacy, including a requirement to elect not to have a prescription dispensed by a mail order pharmacy as a condition of utilizing a retail community pharmacy
- Impose any other term, condition, or requirement pertaining to the use of the services of a retail community pharmacy which materially and unreasonably interferes with or impairs the right of a covered individual to obtain prescription medications from a retail community pharmacy of the individual's choice.

This amendment also provides for insurance practices by stating no health insurance company, agent, contractor, government program, or pharmacy benefit manager will take

any action that results in the above prohibited actions. It also states that with respect to prescriptions dispensed by a pharmacy eligible to participate in a provider network, this information will not be used by an insurance company, government program, or pharmacy benefit manager to promote the use of a pharmacy.

Regarding pharmacy provider networks, any licensed pharmacy in good standing has the right to participate in a pharmacy provider network provided the pharmacy enters an agreement accepting same terms and conditions. These terms will be sufficient to provide convenient access to retail community pharmacies. The fee conditions shall not be less than the amounts paid by or for the benefit of a health insurance company or similar entity. Provisions are included to determine whether these terms are fair. Any pharmacy in violation of agreement will be deemed ineligible.

The amendment also removes the provisions relating to the extension of insurance coverage to adult dependent children.

Enforcement will be made by the Insurance Department.

Except for the provision authorizing the department to adopt regulations, which shall take effect immediately, this act will take effect in 120 days and will apply to all health insurance policies, government programs, or agreements with pharmacy benefit managers offered, issued, executed or renewed, or for which provisions related to prescription medication benefits are amended, after such date.