

SENATE BILL REPORT

SB 5456

AS OF FEBRUARY 19, 1993

Brief Description: Prohibiting restrictions on use of pharmacies by health insurance policies.

SPONSORS: Senators Wojahn, Sheldon and Deccio

SENATE COMMITTEE ON HEALTH & HUMAN SERVICES

Staff: Martin Lovinger (786-7443)

Hearing Dates: March 1, 1993

BACKGROUND:

One method health insurance companies use to control the cost of prescription drugs is agreements with a chain or group of pharmacies to fill all prescriptions under a specific insurance plan. The exclusivity of this agreement is thought to have benefits for the insurance company, the pharmacies included in the supply agreement, and the consumers. The insurance company usually negotiates a lower price for prescriptions in exchange for providing the pharmacies with the exclusive right to fill prescriptions for people covered by the plan. The pharmacies are able to sell prescriptions at a lower price because of the volume of prescriptions under this arrangement. Consumers pay lower insurance premiums, because the cost of prescriptions for the insurance company is reduced.

This arrangement can restrict the freedom of consumers to have their prescriptions filled at the pharmacy and by the pharmacist of their choice. A number of independent pharmacies and small chains are not able to compete for the right to be a provider under these insurance plans. Under some circumstances consumers can no longer purchase prescriptions from pharmacies they have long dealt with and from pharmacists who know them and their health problems.

SUMMARY:

Each health plan offered to public employees and their dependents, disability insurance policy, group disability insurance policy, health care service contract, or health maintenance agreement that is issued or renewed after November 1, 1993 and pays for prescriptions is prohibited from limiting the purchase of prescriptions to a designated pharmacy. Policies are also prohibited from requiring additional fees or deductibles for prescriptions filled at a pharmacy that is not a designated pharmacy.

The policies must allow qualified pharmacies to become designated pharmacies if they meet all the conditions of the policy contract. A pharmacy filling prescriptions under the provisions of this act must agree to provide pharmaceutical services under the same terms, including administrative, financial and professional, as the designated pharmacies.

The provisions of this act do not apply to health maintenance organizations in which all pharmaceutical services are provided by employees of the health maintenance organization.

Appropriation: none

Revenue: none

Fiscal Note: requested February 3, 1993