SENATE BILL REPORT

SB 5459

AS REPORTED BY COMMITTEE ON HEALTH & HUMAN SERVICES, MARCH 2, 1993

Brief Description: Regulating prescription claims for insurance coverage that were initially approved over the telephone or by other means.

SPONSORS: Senators West, Wojahn, Sheldon and Sellar

SENATE COMMITTEE ON HEALTH & HUMAN SERVICES

Majority Report: That Substitute Senate Bill No. 5459 be substituted therefor, and the substitute bill do pass.

Signed by Senators Talmadge, Chairman; Wojahn, Vice Chairman; Deccio, Erwin, Franklin, Fraser, Hargrove, McAuliffe, McDonald, Moyer, Niemi, Prentice, Quigley, Sheldon, and Winsley.

Staff: Martin Lovinger (786-7443)

Hearing Dates: March 1, 1993; March 2, 1993

BACKGROUND:

Often after receiving a prescription from a consumer, the pharmacy will call the consumer's health insurance company for approval. Sometimes after approving the claim over the telephone, the insurance company will deny the claim when it is submitted for payment. The pharmacy must then bear the loss or the burden of trying to collect from the consumer.

SUMMARY:

Disability insurance companies, group disability insurance companies, health care service companies and health maintenance entities which have first approved, by any means, an individual prescription claim are prohibited from rejecting that claim at a later time.

The provider who obtains preapproval of a prescription claim must keep a written record of the name and phone number of the person who approved the claim.

EFFECT OF PROPOSED SUBSTITUTE:

The prior approval can be given by a designated representative of a disability insurance company, group disability insurance company, health care service contractor, or health maintenance organization.

It is clarified that either the pharmacist or drug dispensing outlet must keep a written record of the preapproval.

The names for health care service contractors and health maintenance organizations are corrected. The emergency clause is eliminated.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

Pharmacies must bear the financial burden if an authorization is given, but a claim is denied later. This bill makes the procedure more efficient so that the public is better served. If the insurance company accepts responsibility, it should fulfill it. Everyone who follows a clear procedure will be protected.

TESTIMONY AGAINST:

Benefits are paid based on eligibility. Eligibility cannot always be determined when a call is made. The requirement in this bill can be a problem since the plan may not be aware of eligibility changes from day to day. There may be other problems with eligibility such as failure to comply with other requirements such as co-pays. This bill may force carriers to stop giving telephone approval.

TESTIFIED: Ray Olson, Rick Doane, James Ramseth, Keith Heino, Washington State Pharmacists Association (pro); Tom Huff, Washington Retail Association (pro); Ken Bertrand, Group Health Cooperative (pro); Mel Sorensen, Washington Physicians Service and Blue Cross (con)