

SENATE BILL REPORT

SB 5848

As Reported By Senate Committee On:
Health & Long-Term Care, March 4, 1997

Title: An act relating to insurance coverage of pharmacy services.

Brief Description: Revising insurance coverage of pharmacy services.

Sponsors: Senators Benton and Kohl.

Brief History:

Committee Activity: Health & Long-Term Care: 2/27/97, 3/4/97 [DP-WM].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Deccio, Chair; Wood, Vice Chair; Benton, Fairley, Franklin and Wojahn.

Staff: Jonathan Seib (786-7427)

Background: Many health care insurance policies require patients to purchase their prescription medicines from designated pharmacies or pay additional fees or deductibles to use an alternate pharmacy.

Concern exists that this practice reduces the quality of medical care by restricting patient choice of pharmacies, and limits access to pharmacy services by excluding some pharmacies. There is concern that the practice of requiring that patients use only designated pharmacies deprives many community retail pharmacies of customers, and will cause them to go out of business.

Summary of Bill: Every health plan issued after January 1, 1998, that provides for payment of prescription costs may not limit the purchase of prescriptions to specific pharmacies, or impose conditions on the use of some pharmacies that are not imposed on others.

The terms of the act do not apply to pharmacies that cannot meet the terms and conditions of a policy contract, or to any health maintenance organization that provides services through a pharmacist it employs at a pharmacy it owns.

A health carrier that violates the act is subject to a penalty of between \$1,000 and \$50,000 for each violation, payable to the health services account. A private action may also be brought to recover damages resulting from a violation of the act.

Appropriation: None.

Fiscal Note: Requested on February 24, 1997.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Inequities exist in the current system under which health insurers provide pharmacy services. It denies consumers choices and is causing many smaller local pharmacies to go out of business. The system called for in the bill would not raise costs substantially and would facilitate improved health care by allowing consumers to establish a relationship with a pharmacist of his or her choice.

Testimony Against: The bill would eliminate a significant cost containment measure now employed by insurers, leading to increased health care costs. Driving up the cost of pharmaceutical benefits will lead to the decrease in other insurance benefits. The language of the bill is vague and unclear, which would make it difficult to implement. The bill is intended to protect retailers, not consumers.

Testified: PRO: Senator Kohl; Representative Parlette; C.J. Kahler, Hugh Mackenize, Cleve Schwenke, Ken Warter, Washington Retail Association Pharmacy Council; Mike Donohue, Washington State Pharmacists Association; Dr. Art Zoloth, Northwest Pharmacy Services; CON: Mel Sorensen, Washington Physicians Service; Kim Orchard, Group Health Northwest; Jim Halstrom, Health Care Purchasers Association.