

SHB 2473 - H AMD 895

By Representative Bailey

1 Beginning on page 4, line 36, after "(9)" strike all material
2 through "contract." on page 5, line 3, and insert "The covered entity
3 may have the pharmacy benefits manager's books and records audited to
4 the extent the information relates directly or indirectly to the
5 covered entity's contract. The audit must be conducted in accordance
6 with the terms of the pharmacy benefits management services contract
7 between the parties. If the parties have not expressly provided for
8 audit rights and the pharmacy benefits manager has advised the covered
9 entity that other reasonable options are available and subject to
10 negotiation, the covered entity may have the books and records audited
11 as follows:

12 (a) Audits may be conducted no more than once in each twelve-month
13 period upon at least thirty business days' written notice to the
14 pharmacy benefits manager;

15 (b) The covered entity and the pharmacy benefits manager must
16 mutually select an independent firm to conduct the audit, and the
17 independent firm must sign a confidentiality agreement with the covered
18 entity and the pharmacy benefits manager ensuring that all information
19 obtained during the audit will be treated as confidential. The firm
20 may not use, disclose, or otherwise reveal any information in any
21 manner or form to any person or entity except as otherwise permitted
22 under the confidentiality agreement. The covered entity must treat all
23 information obtained as a result of the audit as confidential, and may
24 not use or disclose the information except as is otherwise permitted
25 under the terms of the contract between the covered entity and the
26 pharmacy benefits manager or if ordered by a court of competent
27 jurisdiction for good cause shown; and

28 (c) Audits must be conducted at the pharmacy benefits manager's
29 office where the records are located, during normal business hours,
30 without undue interference with the pharmacy benefits manager's

1 business activities, and in accordance with reasonable audit
2 procedures."

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