

SENATE BILL REPORT

SB 5628

As of February 17, 2005

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

Brief Description: Revising insurance coverage of pharmacy services.

Sponsors: Senators Keiser and Parlette.

Brief History:

Committee Activity: Health & Long-Term Care: 2/16/05.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Stephanie Yurcisin (786-7438)

Background: Many health care insurance policies require patients to purchase their prescription medicines from designated pharmacies or else 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.

Summary of Bill: The Legislature intends to promote access to pharmacy services, which it finds to be a necessary component in the overall health care system, by requiring health care insurers to have open pharmacy networks.

Health insurance plans delivered, issued for delivery, or renewed by a health carrier beginning January 1, 2006, that cover or reimburse at least some prescription costs may not limit the purchase of prescription medicines to specific pharmacies.

The health care insurer may not differentiate between pharmacies by requiring different copayment rates, coinsurance levels, deductibles, or prescription quantity limits by the covered pharmacy patient.

The insurer may not prohibit a qualified provider who meets the terms of the policy contract and wishes to be a recognized provider under the policy from becoming a provider. Health insurers must offer the same terms and conditions to each provider of pharmacy services.

These requirements do not apply to a provider of pharmacy services that does not satisfy the terms of the policy contract. The requirements also do not apply to a health maintenance organization that owns pharmacies except for the geographic areas in which the health maintenance organization does not provide pharmacy services.

A health carrier who violates these provisions or rules adopted under them may be subject to a penalty from \$1,000 up to \$50,000 per violation, payable to the health services account. An individual may bring an action to recover damages suffered because of a violation of this act.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: A patient should not be financially penalized for wishing to maintain the option of having face-to-face relationships with a pharmacist. The mail order pharmacies are not completely reliable, and consumers end up getting free consultation with the neighborhood pharmacies about whether the prescription filled by the mail order pharmacist is correct. The revenue on the mail order prescriptions go out of state. Mandatory mail order leads to lost jobs in Washington, lower health care quality, and less choice for the consumer. State laws are conflicting in regards to dispensing generics as a substitute for branding, so dispensing a drug in a different state may actually cost employers more.

Testimony Against: There is a significant probability that this will not lower prices. A carrier's ability to negotiate price concessions with pharmacies is usually based on an expectation of increased volume; this practice would be compromised by this bill. If this were to be applied to the state plan, it would drive a huge fiscal note, and this should not be overlooked simply because it would only apply to the private market.

Who Testified: PRO: Kari Douglas, Duvall Family Drugs; George Bartell, Bartell's Drugs; Dedi Hitchens, Washington State Pharmacy Association; Holly Chisa, Safeway & Albertson's.

CON: Charlie Brown, Cindy Laubacher, Medco Health Solutions; Mel Sorenson, America's Health Insurance Plan; Rick Wickman, Premera.