

SENATE BILL REPORT

SB 5605

As of February 22, 2007

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

Brief Description: Concerning insurance coverage of pharmacy services.

Sponsors: Senators Keiser, Parlette, Swecker, Franklin and Kohl-Welles.

Brief History:

Committee Activity: Health & Long-Term Care: 2/19/07.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Mich'l Needham (786-7442)

Background: Insurance carriers typically contract with retail and mail-order pharmacies for inclusion in their networks. Provider contracts may vary in many ways, including differential payments for rural access or mail-order services, differential services for speciality drug pharmacies, incentive or quality improvement arrangements, etc. Contracts may also provide for different copays and day limits, for example mail-order pharmacies often dispense a three-month supply of drugs with an equivalent two-month copay.

Summary of Bill: Effective January 1, 2008, all insurance plans that cover prescription costs are required to contract with all willing pharmacy providers with the same terms and conditions. Contracts may not allow different copayments, coinsurance, deductibles, or quantity limits.

An exception is provided for health maintenance organizations that employ pharmacists and dispense at their own pharmacies, in geographic areas where they own their pharmacy. In other areas where they contract for services, they are not exempt.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Washington spends millions of dollars promoting community economic development. This bill is about community economics and keeping money in our communities with retail pharmacies. Mail order pharmacies are taking jobs from our local communities. This is a patient choice bill, it allows patients to choose to

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use their local retail pharmacy and receive better care with someone who knows them that can review their total list of prescriptions. Mandatory mail order contracts are not allowing patients to fill their scripts when they need them, and where they want them. Patients should have the right to access a 90 day supply of drugs from their retail pharmacy with the same copayments as mail order.

CON: This mandate takes us in the wrong direction. It will not allow insurance carriers to manage costs and quality or continue to manage care appropriately. Analysis by Milliam indicates there could be significant cost increase to carriers, to individuals paying for prescriptions, and to state programs. Although there is an exception for health maintenance organizations that own and operate their own pharmacies, this bill will negatively impact the Options product which allows consumers to use in-network pharmacies for one cost, and out-of-network pharmacies for additional cost-sharing.

Persons Testifying: PRO: Representative Curtis; Lis Houchen, National Association of Chain Drug Stores; David Greene, Safeway; Wade Schutze, Bartell Drugs; Ray Bond, Olympic Pharmacy; Kari Douglas, Duvall Pharmacy.

CON: Paul Vorhees, Group Health consumer; Debbie Ward, Group Health Board; Ken Bertrand, Group Health; Joe King, Community Health Plan of Washington; Nancee Wildermuth, Regence, Aetna, and PacifiCare.