

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 1412

SPONSOR: Banking and Insurance Committee, Senator Posey and others

SUBJECT: Prescription Drug Claim Identification Cards

DATE: February 11, 2002 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Johnson	Deffenbaugh	BI	Favorable/CS
2.	_____	_____	HC	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The committee substitute would require any health insurer, health maintenance organization and all state and local government entities that provide outpatient prescription drug coverage to issue a prescription drug benefits identification card containing certain specified information. These governmental entities would include state and local governments that self-insure.

The benefits identification card would be required to contain certain information, including the name of the claims processor, the help desk telephone number, and the claims submission name and address. The bill does not require the information to be formatted in any specified manner. The information must be printed on the card, or it may be embedded in the card and available through magnetic stripe, smart card, or other electronic technology. Any entity affected by the bill that currently issues annual renewal cards could issue temporary stickers containing the required information that policyholders can affix to the existing card.

This bill creates section 627.4302, Florida Statutes.

II. Present Situation:

The Florida Insurance Code regulates insurers, health maintenance organizations (HMOs) and other entities providing coverage for prescription drugs on an outpatient basis. This coverage may be provided as part of health insurance, motor vehicle insurance, workers' compensation insurance, and other insurance policies. Entities licensed under the Florida Insurance Code are not required under law or by rule to issue any type of benefit card; however, some insurers issue membership cards that provide information regarding the insurance plan. The Department of Insurance does not regulate the form and content of these cards.

Division of State Group Health Insurance

Under the authority of s. 110.123, F.S., the Department of Management Services contracts with a third-party administrator for the medical benefits associated with the state's self-insured Preferred Provider Organization (PPO) Plan, and a pharmacy benefit manager (PBM) for the PPO. Persons eligible to enroll include state officers and employees, surviving spouses of deceased state officers and employees, retired state officers and employees, terminated employees, and individuals with continuation coverage, e.g., COBRA, and eligible dependents.

State employees enrolled in the PPO Plan receive two benefit identification cards: one for medical benefits issued by Blue Cross Blue Shield of Florida and one for pharmacy benefits issued by Caremark, the state-contracted PBM. Employees enrolled in one of the HMO plans receive one health benefit card which includes prescription drug benefits.

States Mandating Uniform Prescription Cards

Since 1999, nineteen states have passed legislation mandating the use of standard prescription benefit card (including California, Texas, Alabama, Georgia, Maryland, and Virginia). Four of these states (Washington, Iowa, Oregon, and New Jersey) have enacted legislation requiring the Insurance Commissioner to adopt rules prescribing such standards.¹

California has enacted legislation that requires at a minimum that the card include the following information: 1) name or logo of the benefit administrator or health care service plan, 2) enrollee's or subscriber's identification number, 3) telephone number for pharmacies, and 4) information required by the benefit administrator or health care services plan that is necessary for processing the pharmacy claim. California also defines "card" to include other technology that performs substantially the same function as a card.

III. Effect of Proposed Changes:

Section 1. This section provides that the intent of this bill is to improve patient care by minimizing confusion, eliminating unnecessary work, decreasing patient wait time, and improving business efficiencies.

Health insurers, health maintenance organizations, and state and local governments that provide coverage for prescription drugs on an outpatient basis would be required to provide the following information on a prescription drug benefit identification card:

1. name of the claim processor;
2. issuer identification number;
3. insured's prescription group number;
4. insured's identification number;
5. insured's name;
6. claims submission name and address;
7. help desk telephone number; and

¹ National Conference of State Legislators

8. any other information that the entity finds will assist in the processing of the claim.

Entities issuing these cards would not be required to organize the information in a certain manner. The information could be printed on the card or embedded in the card through magnetic stripe, smart card, or other electronic technology. Entities issuing health insurance benefit cards containing all of the mandated information would not be required to issue a separate prescription drug identification card.

If an entity issues an annual benefits identification card, an updated sticker or card would be required to be issued within 60 days after any change in information contained on the benefit card.

Section 2. Provides that this act would take effect October 1, 2002, and would apply to policies or contracts issued or renewed on or after that date.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Article VII, s. 18 of the Florida Constitution provides that counties and municipalities are not bound by general laws that require them to spend funds or to take an action that requires the expenditure of funds unless the Legislature determines that the law fulfills an important state interest or meets other select exceptions, such as an insignificant fiscal impact.

The fiscal impact on cities and counties is indeterminate and it is unknown whether the amount is significant enough to trigger the protection of Article VII, s. 18.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

To the extent the information necessary for a pharmacist to process a prescription is not already provided on the drug benefit card, the mandatory uniform prescription card would assist pharmacists in filling prescriptions more effectively and efficiently. Proponents of this bill assert that patients currently receive prescription drug benefits

cards from their insurer, which often do not contain the minimum information needed to process the claims.

Insurers and health maintenance organizations presently not issuing cards or issuing cards that do not provide the required information would incur indeterminate costs associated with the issuance of new cards. Ultimately, these costs could be passed on to policyholders or subscribers.

C. Government Sector Impact:

The fiscal impact on local governments will depend on the number of policyholders requiring cards and the costs associated with producing and mailing the cards.

Currently the State of Florida's PPO plan prescription drug benefit identification card reflects three of the seven data elements that would be required by this bill. Those three data elements are: the name of the claim processor, the insured's prescription group number, and the help desk telephone number. The Division of State Group Insurance has indicated that the prescription identification card does not contain the following data elements required by the bill: 1) the insurer's banking identification number or BIN, 2) the insured's identification number, 3) the insured's name, and 4) the claims submission name and address. The card does contain a line for a participant to write in the insured's identification number; however, this number is not printed on the card for security purposes, since it is the insured's social security number.

The Division of State Group Insurance of the Department of Management Services would incur an indeterminate fiscal impact related to redesigning the prescription drug card for the preferred provider organization plan.

According to the Agency for Health Care Administration, the bill would not impact the Medicaid program, since membership cards issued to Medicaid recipients already contain all of the information required by the bill.

VI. Technical Deficiencies:

The terms, "state and local governments" appear to include programs such as Medicaid and Healthy Kids; however, these programs are not regulated under the Insurance Code.

VII. Related Issues:

The bill does not specify the number of cards that must be issued for family or individual coverage to comply with the requirements of the bill.

VIII. Amendments:

None.