

# 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/CS/SB 1412

**SPONSOR:** Health, Aging and Long-Term Care Committee, Banking and Insurance Committee, Senator Posey and others

**SUBJECT:** Prescription Drug Claim Identification Cards

**DATE:** March 6, 2002      **REVISED:** \_\_\_\_\_

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

**I. Summary:**

Committee Substitute for Committee Substitute for Senate Bill 1412 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 or that provide prescription drug coverage under a health care plan for the poor or disabled.

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. An entity affected by the bill 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 benefits 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 a 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.<sup>1</sup>

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.

### **The Medicaid Program**

Medicaid is a medical assistance program that pays for health care for the poor and disabled. The federal government, the state, and the counties jointly fund the program. The federal government, through law and regulations, has established extensive requirements for the Medicaid Program. The Agency for Health Care Administration (AHCA) is the single state agency responsible for the Florida Medicaid Program. The Department of Children and Family Services is responsible for determining Medicaid eligibility and managing Medicaid eligibility policy, with approval of any changes by AHCA.

The statutory provisions for the Medicaid Program appear in ss. 409.901 through 409.9205, F.S. Section 409.903, F.S., specifies categories of individuals who are required by federal law to be covered, if determined eligible, by the Medicaid Program (mandatory coverage groups). Section 409.904, F.S., specifies categories of individuals who the federal government gives state

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<sup>1</sup> National Conference of State Legislators

Medicaid programs the choice of covering (optional coverage groups). Sections 409.905 and 409.906, F.S., specify the medical and other services the state may provide under the state Medicaid plan. The Florida Medicaid Program is the single largest purchaser of prescription drugs in the state.

### **County Indigent Care Plans**

Several counties in Florida including Collier, Pinellas, Hillsborough, Alachua, Marion, St. Johns, Charlotte, and Indian River counties have implemented indigent care plans which provide prescription coverage. The benefit packages, coverage levels and eligibility criteria for these programs is determined by the county which offers the coverage.

### **III. Effect of Proposed Changes:**

**Section 1.** 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 benefits-identification card:

- (a) name of the claim processor;
- (b) issuer electronic claims payor identification number or issuer identification number;
- (c) insured's prescription group number;
- (d) insured's identification number;
- (e) insured's name;
- (f) claims submission name and address;
- (g) help desk telephone number; and
- (h) 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 in (a), (b), (g), and (h) may be omitted from the card if instruction is provided on the card for ready access to the information by electronic means. 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 benefits cards containing all of the mandated information would not be required to issue a separate prescription drug identification card.

An updated card is to be issued within 60 days after any change in information contained on the benefit card. An entity may issue a temporary sticker containing the required information in lieu of issuing a new card prior to the annual renewal date.

**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:**

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Art. I, s. 24(a) and (b) of the Florida Constitution.

**C. Trust Funds Restrictions:**

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Art. III, s. 19(f) of the Florida Constitution.

**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 benefits 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 for employee benefit plans will depend on the number of policyholders requiring cards and the costs associated with producing and mailing the cards. The Florida Association of Counties informally surveyed several counties with indigent health care plans that provide coverage for prescription drugs on

an outpatient basis. These plans currently have a benefits identification card that contains the information required in the bill.

Currently the State of Florida's PPO plan prescription drug benefits 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, Healthy Kids; and county indigent health care plans, 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.