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DATE: February 27, 2002

HOUSE OF REPRESENTATIVES
COUNCIL FOR HEALTHY COMMUNITITES
ANALYSIS

BILL #: CS/CS/HB 321
RELATING TO: Prescription Drug Claim Identification Cards
SPONSOR(S): Council for Healthy Communities, Committee on Insurance, and Representative Brown
TIED BILL(S): None

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) HEALTH REGULATION YEAS 9 NAYS 0
- (2) INSURANCE YEAS 13 NAYS 0
- (3) COUNCIL FOR HEALTHY COMMUNITITES YEAS 16 NAYS 0
- (4)
- (5)

I. SUMMARY:

THIS DOCUMENT IS NOT INTENDED TO BE USED FOR THE PURPOSE OF CONSTRUING STATUTES, OR TO BE CONSTRUED AS AFFECTING, DEFINING, LIMITING, CONTROLLING, SPECIFYING, CLARIFYING, OR MODIFYING ANY LEGISLATION OR STATUTE.

This bill requires insurers that offer outpatient prescription drug coverage to provide patients with a benefits identification card that contains sufficient information to allow for prescription claims processing. The intent of this bill is to improve patient care by minimizing confusion, eliminating unnecessary work, decreasing patient wait time, and improving business efficiencies.

Insurers that already provide a health benefits identification card containing all of the information needed to process outpatient prescription drug claims are not required to provide a separate prescription drug claim identification card. Moreover, if an insurer issues annual cards, the insurer may issue a temporary sticker to patients to affix to their current benefits identification card. The benefits identification card shall contain certain items necessary to process prescription drug claims. The bill does not require the information to be organized in any specified manner, so long as all necessary information is readily available. The information may be embedded in the card through magnetic stripe, smart card, or other electronic technology.

The overall fiscal impact of the bill is indeterminate, primarily because the number of cards that will have to be issued or revised is unknown. The Agency for Health Care Administration indicates that Medicaid recipients are issued membership cards that already contain the information required by this bill. Therefore, there will be no fiscal impact to the Medicaid program as a result of this bill. The State Employee Health Plan Trust Fund may incur recurring expenditures of between \$269,000 and \$504,000, due to manufacturing and mailing costs. However, the expenditure will likely be lower or totally absorbed if the prescription drug benefit cards are issued during the annual open enrollment period or upon policy renewal. Self-insured local governments may also be required to spend funds to issue benefit cards in compliance with the bill; however, the aggregate amount would appear to be \$1.2 million or less.

This bill is effective October 1, 2002 and applies to policies or contracts issued or renewed on or after October 1, 2002.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|--|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |

This bill sets forth in statute minimum criteria that an insurer must include on a prescription drug claim identification card. However, by requiring the insurer to provide such information necessary to process a claim quickly and accurately, the patient, pharmacist, and pharmacy will benefit. It is anticipated that people will be able to get their prescription medication faster.

B. PRESENT SITUATION

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. Without a uniform system, patients have to wait longer to receive their prescribed drugs. Pharmacists spend considerable time trying to gather the necessary information. That time could otherwise be spent filling prescriptions or counseling patients. Proponents of the bill further state that on average, a pharmacist spends twenty percent of work time helping patients resolve problems with third party prescription drug insurance.

The Agency for Health Care Administration states that Medicaid recipients are currently issued membership cards that contain the information required by this bill.

Georgia and Alabama are among the 18 states which have adopted some version of a uniform prescription drug identification card, according to information provided by the proponents of this bill.

Health insurers, health maintenance organizations (HMOs), state and local government health insurance programs, and workers' compensation carriers often provide coverage for prescription drugs on an outpatient basis. These entities are not required under law or by agency rule to issue any type of benefit card. However, some insurers issue membership cards that provide information regarding the benefit plan. The Department of Insurance does not regulate the form or content of these cards.

According to a Committee on Insurance staff survey of several insurance companies and HMOs, each benefit card costs between one and two dollars to manufacture and mail to the insured. The actual amount depends on the type of material used to manufacture the card (e.g. plastic or paper).

INFORMATION INCLUDED IN BENEFIT IDENTIFICATION CARDS COMPARED TO INFORMATION REQUIRED IN THE BILL: A SAMPLE OF ENTITIES						
Information Required by the Bill	Entities*					
	A	B	C	D	E	F
Claim Processor			X	X	X	
Issuer ID Number	X	X		X	X	X
Prescription Group number	X	X	X	X	X	X
Insured's ID number	X	X		X	X	X
Insured's Name	X	X		X	X	X
Claims Submission Name and Address	X			X	X	X
Help Desk Telephone Number	X		X	X		X
Any Other Useful Information	X	X		X	X	
* A: Large Health Insurer, B: Workers' Compensation Insurer, C: State of Florida: Employee Health Plan, D: State of Florida: Workers Compensation Plan, E: Small HMO, F: Group Life Insurer						

C. EFFECT OF PROPOSED CHANGES:

This bill requires insurers that offer outpatient prescription drug coverage to provide patients with a benefits identification card that contains sufficient information to allow for prescription claims processing. The intent of this bill is to improve patient care by minimizing confusion, eliminating unnecessary work, decreasing patient wait time, and improving business efficiencies.

Insurers that already provide a health benefits identification card containing all of the information needed to process outpatient prescription drug claims are not required to provide a separate prescription drug claim identification card. Moreover, if an insurer issues annual cards, the insurer may issue a temporary sticker to patients to affix to their current benefits identification card.

The benefits identification card shall contain certain items necessary to process prescription drug claims. The bill does not require the information to be organized in any specified manner, so long as all necessary information is readily available. The information may be embedded in the card through magnetic stripe, smart card, or other electronic technology.

The items required to be included on the benefits identification card, include:

- C The name of the claim processor;
- C The electronic claims payor or issuer identification number;
- C The insured's prescription group number;
- C The insured's identification number;
- C The insured's name;
- C The claims submission name and address;
- C The help desk telephone number; and
- C Any other information that the entity finds will assist in the processing of the claim.

The effective date of this bill is October 1, 2002.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Creates s. 627.4302, F.S., to provide legislative intent; requires entities providing coverage for outpatient prescription drugs to provide a benefits identification card that contains certain specified information needed to process a claim; and provides for temporary stickers.

Section 2. Provides an effective date of October 1, 2002.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures

FY 2002-2003

FY2003-2004

State Employee Health
Plan Trust Fund

Recurring*	(\$269,085 – 504,085)	(\$269,085 – 504,085)
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*These figures are estimates from the Department of Management Services based on the number of subscribers in the State Employee Insurance Health Plan (approximately 235,000 members) multiplied by the estimated cost of producing and mailing new prescription drug benefit cards or stickers. Some of these costs may be absorbed if cards are issued on the regular issuance date, because the Health Plan currently manufactures and mails benefit cards. SEE FISCAL COMMENTS.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

Please see fiscal comments.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Please see fiscal comments.

D. FISCAL COMMENTS:

Those insurers that provide this coverage but do not provide all necessary claim processing information already will have to issue a temporary sticker or provide the missing information on the benefits card. The extent of this fiscal impact is indeterminate based on the data available to the Agency for Health Care Administration.

The Agency for Health Care Administration has indicated that all of the necessary claims processing information required by this bill is already included on the Medicaid benefits card. Therefore, there should be no fiscal impact to the Medicaid program.

The total impact is indeterminate, primarily because the number of cards to be issued is unknown. The cost per card, however, is known. Staff of the Committee on Insurance contacted several insurance companies and HMOs. They estimated the cost of issuing stickers or paper cards to be about \$1 per card. Estimates for plastic cards ranged from \$1 to \$3 per card. Insurers indicated costs would likely be lower or totally absorbed if the cards are issued upon policy renewal.

All fiscal calculations were made by multiplying the estimated number of policyholders requiring cards by the estimated cost of issuing and mailing the cards. Manufacturing and mailing costs will likely be reduced or absorbed if cards are issued during annual policy renewal.

Data could not be found showing the extent to which local governments currently comply with the requirements of this bill. To the extent local government self-insurance plans do not comply with the bill, they would be required to incur expenditures to issue cards or stickers containing the required information. The fiscal impact on local governments will depend on the number of policyholders requiring cards multiplied by the cost of manufacturing and mailing the cards. Staff data indicate that manufacturing and mailing costs will be between one and two dollars per card, depending on the material used to make the card (e.g. plastic or paper). According to The Bureau of Economic Analysis within the U.S. Department of Commerce, local government has 645,609 full time employees statewide. Presuming all employees are eligible for health insurance and do not now receive a benefits card, the estimated cost to issue cards to all employees could be between \$645,409 and \$1,291,218 during the first year the bill is implemented.

Pharmacies may find it necessary to purchase equipment to read information embedded in the card by magnetic stripe or smart card technology, if insurers or HMOs choose to use this option. However, the Florida Board of Pharmacy, the Florida Pharmacy Association, Walgreens, Eckerd, and the Florida Retail Federation support this bill.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

Applicability of the mandates provision is unlikely, primarily because the maximum aggregate expenditure would appear to be \$1.2 million. Please see fiscal comments.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

The Florida Board of Pharmacy, the Florida Pharmacy Association, Walgreens, Eckerd, and the Florida Retail Federation support this bill.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The Committee on Insurance adopted an amendment to HB 321 on January 8th, 2002, and reported the bill as a committee substitute. The committee substitute differs from the original bill in that the committee substitute:

- Narrows those within the scope of the bill by limiting the types of entities that must issue benefits identification cards compliant with the bill;
- Establishes a time frame for compliance, which allows insurers to issue new cards in the normal course of business rather than necessitating the wholesale reissuance of cards when the act takes effect;
- Makes technical drafting changes.

The Council for Healthy Communities adopted a strike-everything amendment on February 19, 2002 and passed the bill favorably as a council substitute. The council substitute differs from the committee substitute primarily in that worker's compensation has been removed from the bill.

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VII. SIGNATURES:

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