

SUBJECT: Standard information on identification cards for pharmacy benefits

COMMITTEE: Insurance — committee substitute recommended

VOTE: 8 ayes — Smithee, Eiland, Burnam, J. Moreno, Olivo, Seaman, Thompson, Wise
0 nays
1 absent — G. Lewis

WITNESSES: None

BACKGROUND: Insurance Code, art. 21.07-6 requires third-party administrators to have a certificate of authority from the insurance commissioner. Third-party administrators contract with insurers and health plans to handle collection of premiums and contributions as well as adjustment and settlement of claims. Under current law, administrators who work with pharmacy benefit plans are not required to have certificates of authority as third-party administrators. Aside from the policies of individual insurers and health plans, no standard information is required on identification cards for pharmacy benefit plans.

DIGEST: CSHB 2529 would require pharmacy benefit administrators to have certificates of authority as third-party administrators under the Insurance Code. The exception to the certificate requirement for attorneys who adjust or settle claims without collecting premiums or charges on policies would be extended to attorneys who adjust or settle pharmacy benefit policies.

Pharmacy benefit administrators would have to issue identification cards for all persons 17 or older covered by a pharmacy benefit plan within 30 days of their eligibility. The insurance commissioner would have to adopt rules for cards, which would have to contain the following standard information:

- ! the name or logo of the entity administering the pharmacy benefits;
- ! the administering entity's international identification number assigned by the American National Standards Institute;
- ! the individual's group number;
- ! the coverage expiration date; and

! a telephone number to contact someone to explain the pharmacy benefits.

CSHB 2529 would require health plans, notably health-maintenance organizations (HMOs), to issue identification cards containing the same information for all enrollees in the plan. Multiple identification cards would not be required if the identification card already issued by the health plan contained the required information.

Health benefit plans that would be covered by CSHB 2529 include plans offered by insurance companies, HMOs, group hospital benefit corporations, stipulated premium insurance companies, reciprocal exchanges, certified multiple-employer welfare arrangements, and certified nonprofit health corporations.

CSHB 2529 would not apply to health benefit plans that offer coverage only for a specified disease or limited benefit, only for accidental death or dismemberment, for lost wages, for supplemental liability insurance, for credit insurance, or only for dental or vision care, hospital expenses, or indemnity for hospital confinement. CSHB 2529 also would not apply to small-employer health benefit plans, Medicare supplemental policies, workers' compensation insurance coverage, medical payment insurance coverage issued in an automobile insurance policy, or a long-term care policy, including a nursing home fixed indemnity policy, unless the insurance commissioner determined that the latter policy was so comprehensive that it should be included as a covered health benefit plan.

CSHB 2529 would take effect September 1, 1999. The certificate of authority requirement would not apply to pharmacy benefit administrators until January 1, 2000. Pharmacy benefit administrators and health benefit plans would not have to issue new identification cards until the coverage was modified if the existing identification cards provided the required information.

SUPPORTERS
SAY:

Pharmacists spend too much time deciphering the myriad types of identification cards issued by pharmacy benefits plans, insurers, and health plans. CSHB 2529 would establish the basic information that should be included on every identification card for pharmacy benefits.

CSHB 2529 would not impose any mandates on pharmacy benefits. It simply would require the identification card to include the pertinent information the pharmacist needs to determine coverage for prescriptions.

Pharmacy benefit administrators should have certificates of authority like those required for third-party administrators for other types of health plans. These certificates allow the insurance commissioner to review the qualifications of administrators and establish minimum standards for companies entering the pharmacy benefits market. The certificate requirement would not begin until January 1, 2000, to allow time for existing companies to comply.

OPPONENTS
SAY:

No apparent opposition.

NOTES:

The committee substitute added the certificate of authority requirement and separate sections for administrators and health plans. The original bill would have required the insurance commissioner to adopt a standard form for identification cards rather than rules requiring the cards to contain certain information.

The companion bill, SB 1237 by Nelson, passed the Senate on Local and Uncontested Calendar on April 15 and was referred to the House Insurance Committee.