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DATE: December 20, 2001

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
INSURANCE
ANALYSIS**

BILL #: HB 321
RELATING TO: Prescription Drug Claim Identification Cards
SPONSOR(S): Representative Brown
TIED BILL(S): None

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

- (1) HEALTH REGULATION YEAS 9 NAYS 0
 - (2) INSURANCE
 - (3) COUNCIL FOR HEALTHY COMMUNITIES
 - (4)
 - (5)
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I. SUMMARY:

House Bill 321 would require any entity licensed or authorized under the Florida Insurance Code that provides outpatient prescription drug coverage, and any entity that provides similar insurance benefits under a government program, to issue a prescription drug benefits identification card. These entities include health insurers, health maintenance organizations, motor vehicle insurers, workers' compensation insurers, and state and local government that self-insure.

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

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

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

1. Less Government Yes No N/A

Insurers providing coverage for prescription drugs would be required to issue prescription drug claim identification cards containing specified information.

2. Lower Taxes Yes No N/A

3. Individual Freedom Yes No N/A

4. Personal Responsibility Yes No N/A

5. Family Empowerment Yes No N/A

B. 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. Government funded programs that provide prescription drug insurance benefits include self-insured state and local government plans and Medicaid.

Entities licensed under the Florida Insurance Code 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 insurance plan. The Department of Insurance does not regulate the form and content of these cards.

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

C. EFFECT OF PROPOSED CHANGES:

Entities licensed under the Florida Insurance Code (e.g. insurers, HMOs) that cover prescription drugs on an outpatient basis, as well as entities providing similar benefits under a government program (e.g. Medicaid, state or local government self-insurance plan), would be required to provide a prescription drug benefit identification card or a sticker to affix to a current card with the following information, within 60 days of any change:

- C The name of the claim processor;
- C The 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.

Entities issuing these cards would not be required to organize the information in a certain manner, as long as all necessary information is readily available on the card. 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 information required would not be compelled to issue a separate prescription drug identification card.

CURRENT PRACTICES AND CHANGES REQUIRED BY THE BILL							
Information on Card	Companies*						Required By Bill
	A	B	C	D	E	F	
Claim Processor				X	X		X
Issuer ID Number	X	X		X	X	X	X
Prescription Group number	X	X	X	X	X	X	X
Insured's ID number	X	X	X	X	X	X	X
Insured's Name	X	X	X	X	X	X	X
Claims Submission Name and Address	X			X	X	X	X
Help Desk Telephone Number	X			X		X	X
Any Other Useful Information	X	X		X	X		X

* A: Large Health Insurer, B: Workers' Compensation Insurer, C: State Employee Health Plan, D: State Workers Compensation Plan, E: Small HMO, F: Group Life Insurer

D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures

	<u>FY 2002-2003</u>	<u>FY2003-2004</u>
State Employee Health Plan	(\$100,000 – 200,000)	(\$100,000 – 200,000)*

* These figures are estimates based on the number of subscribers in the State Employee Insurance Health Plan and the estimated cost of producing and mailing new prescription drug benefit cards or stickers.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

Indeterminate. To the extent that local governments self-insurance plans do not comply with the bill, the bill will require them to provide outpatient prescription drug benefits to expend any funds necessary to issue new cards or stickers containing the information required. The extent local government complies with the bill is indeterminate.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Staff contacted several insurance companies and HMO's that estimated the cost of issuing stickers or paper cards to be about \$1 per card. Estimations for plastic cards were between \$2 to \$3 per card. Insurers indicated a reduction in the costs would be likely if the effective date of the bill was on renewal rather than October 1, 2002.

Pharmacies may find it necessary to install equipment to read information embedded in the card by magnetic stripe or smart card technology, if insurers or HMOs choose to use this option.

D. FISCAL COMMENTS:

Insurers that provide prescription drug coverage but do not issue cards containing the processing information will be required to manufacture and distribute new cards or temporary stickers with the information required by the bill. The extent of this fiscal impact is indeterminate based on the data available to the Agency for Health Care Administration, but will likely vary between insurance companies.

The State Employee Health Plan is subject to the requirements of this bill, and because its benefit card does not meet the requirements of this bill it would be compelled to change its prescription drug card or its health benefit card. The State Health Plan is funded through the State Employee Health Plan Trust Fund, in part by premiums paid by the subscriber, and part by state contributions from General Revenue.

Although state workers' compensation claims are subject to the requirements of the bill, the Division of Risk Management has indicated their benefit cards are compliant with the bill. The Medicaid program is also compliant with this bill.

The Agency for Health Care Administration has indicated that all of the 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.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

As noted above, the bill could result in a city or county having to spend funds if the government is self-insured and provides outpatient prescription drug coverage. The impact on local governments will depend on the number of policyholders that will require cards.

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:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

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VII. SIGNATURES:

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