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SFA**BILL ANALYSIS**

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House Bill 4607 (Substitute H-3 as passed by the House)
Sponsor: Representative Andrew Raczkowski
House Committee: Insurance and Financial Services
Senate Committee: Financial Services

Date Completed: 12-4-02

CONTENT

The bill would amend the Insurance Code to do the following:

- **Require a health plan that provides, or administers a plan that provides, coverage for prescription drugs or devices and issues, uses, or requires a card or other technology for prescription claims submission and adjudication, to issue for the plan's enrollees or members a uniform prescription drug information card or other technology.**
- **Require the Commissioner of the Office of Financial and Insurance Services to develop a uniform card and technology based on certain national standards.**
- **Prescribe the information that would have to be included on a uniform prescription drug information card or technology.**
- **Provide that the card or technology could be used for any and all health care coverage.**
- **Place in statute the following statement: "It is the intent of the legislature that pharmacists, by July 1, 2008, be able to obtain information on and submit claims for prescription drug or device benefits by electronic means, including, but not limited to, the internet".**

The bill would take effect July 1, 2003, and would apply to all health plan coverages issued or renewed on or after July 1, 2005.

By July 1, 2003, the Commissioner would have to develop a uniform prescription drug information card and uniform prescription drug information technology based on the standards and format approved by the National Council For Prescription Drug Programs Pharmacy ID Card Implementation Guide. The card and technology would have to include all of the Council's standard information required by a health plan for submission and adjudication of claims for prescription drug or device benefits, or at a minimum contain the following labeled information:

- The card issuer name or logo on the front of the card.
- The cardholder's name and identification number, which would have to be displayed on the front of the card.
- Complete information for electronic transaction claims routing, including the international identification number labeled as RXBIN.
- The processor control number labeled as RXPCN, and the group number labeled as RXGRP, if required for proper routing of electronic claim transactions for prescription benefits.
- The name and address of the benefits administrator or other entity responsible for prescription claims submission, adjudication, or pharmacy provider correspondence for prescription benefits claims.
- A help desk telephone number that pharmacy providers could call for pharmacy benefit

claims assistance.

Information necessary for submission and adjudication of claims for prescription drug or device benefits, excluding information that could be derived from the prescription, would have to be included in a clear, readable, and understandable manner on the uniform prescription drug information card or other technology issued by a health plan. The content and format of all required information would have to be in the current content and format required by the health plan for electronic claims routing, submission, and adjudication.

A health plan would have to issue the uniform card or technology upon enrollment and reissue it upon any change in coverage that had an impact on data contained on the card or technology. A health plan, however, would not be required to issue a new card or other technology more than once in a calendar year. If a health plan issued stickers or another similar mechanism to the insureds, enrollees, members, or participants to update the cards, then the health plan would not be required to issue new cards or other technology more than once in three years from the issuance of the first stickers or other similar mechanisms. This provision would not prevent a health plan from reissuing updated new uniform prescription drug information cards or other technology on a more frequent basis.

The bill states that it would not require a separate card for prescription coverage, provided that the card or other technology could accommodate the information necessary to process a claim as required under the bill.

Under the bill, a "health plan" would include a health maintenance organization (HMO); a third party administrator; and a municipal employer welfare arrangement (MEWA). A health plan also would include an insurer that provided benefits under an expense-incurred hospital, medical, or surgical policy or certificate, but would not include any policy or certificate that provided coverage only for vision, dental, specific diseases, accidents, or credit; a hospital indemnity policy or certificate; a disability income policy or certificate; coverage issued as a supplement to liability insurance; or medical payments under automobile, homeowners, or workers' compensation insurance. Further, a health plan would not include a Department of Community Health pharmacy program.

Proposed MCL 500.2213c

Legislative Analyst: George Towne

FISCAL IMPACT

This bill would increase the responsibilities of the Office of Financial and Insurance Services by requiring the development of the uniform card or information technology. Existing restricted revenue resources would be used to cover any additional costs associated with this change.

Fiscal Analyst: Maria Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.