

# State Corporation Commission

## 2014 Fiscal Impact Statement

**1. Bill Number:** HB108

**House of Origin**    ☐ Introduced    ☒ Substitute    ☐ Engrossed  
**Second House**    ☒ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Ware, R.L.

**3. Committee:** Commerce and Labor

**4. Title:** Health insurance; carrier contracts with pharmacy providers.

**5. Summary:** Health insurance; carrier contracts with pharmacy providers. Requires any contract between a carrier and its intermediary, pursuant to which the intermediary has the right or obligation to conduct audits of participating pharmacy providers, and any provider contract between a carrier and a participating pharmacy provider or its contracting agent, pursuant to which the carrier has the right or obligation to conduct audits of participating pharmacy providers, that is entered into, amended, extended, or renewed on or after January 1, 2015, to contain provisions that prohibit the carrier or intermediary, in the absence of fraud by the participating pharmacy provider, from recouping amounts calculated from or arising out of specified acts, claims, or methods. Such contracts are also required to contain provisions prohibiting the carrier or intermediary, in the absence of fraud by the provider, from terminating or failing to renew the contractual relationship with a participating pharmacy provider for invoking its rights under these required contractual provisions. Subsection D provides that the State Corporation Commission has no jurisdiction to adjudicate individual controversies. Subsection E provides that the bill applies to contracts described in subsection B or C that were entered into, amended, extended, or renewed on or after January 1, 2015.

**6. Budget amendment necessary:** No

**7. Fiscal Impact Estimates:** No Fiscal Impact on the State Corporation Commission

**8. Fiscal implications:** None on the State Corporation Commission

**9. Specific agency or political subdivisions affected:** State Corporation Commission and the Commission's Bureau of Insurance

**10. Technical amendment necessary:** No

**11. Other comments:** The amendment in the nature of a substitute to House Bill 108 contains revisions to the definitions of "clerical error," "fraud" and adds a definition of "overpayment." Subsection B of § 38.2-3407.15:1 is amended to clarify that, in the absence of fraud, the carrier or intermediary may not recoup amounts calculated from or arising out of a claim authorized and dispensed more than 24 months prior to the date of the audit unless the claim is adjusted at the direction of the State Corporation Commission, except that this time period shall be tolled while the denial of the claim is being appealed.

**Date:** 01/29/14/V. Tompkins

cc: Secretary of Commerce and Trade  
Secretary of Health and Human Resources