

Department of Planning and Budget 2021 Fiscal Impact Statement

1. Bill Number: HB2219

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Hodges

3. Committee: Labor and Commerce

4. Title: Pharmacies; freedom of choice.

5. Summary: Requires that no carrier, health maintenance organization, or pharmacy benefits manager shall prohibit a covered individual from selecting the pharmacy of his choice to furnish retail, mail order, or specialty pharmaceutical benefits under the covered individual's policy. The bill provides that no pharmacy that meets the terms and conditions of participation shall be precluded from obtaining a direct service agreement or participating provider agreement and that any request for such agreement by a pharmacy shall be acted upon by a carrier, health maintenance organization, or pharmacy benefits manager within 30 days of receiving the request. Under current law, some of these requirements apply to health maintenance organizations; those requirements are expanded in the bill.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary; fiscal impact is indeterminate.

8. Fiscal Implications: The impact of the proposed legislation is indeterminate.

The Department of Human Resource Management indicates that the provisions of the bill may result in the erosion of network discounts, which could cause employer and employee premiums of the state employee health insurance plan to increase in the future. However, the magnitude of any potential impact is indeterminate.

The Department of Medical Assistance Services maintains that this legislation is likely to have a fiscal impact, however such impact is indeterminate as it is dependent on member utilization of out-of-network providers. Any cost increases experienced by managed care organizations (MCO) due to provisions of this bill would ultimately necessitate higher MCO capitation rates and increase state costs.

The proposed legislation is not expected to have a fiscal impact on the State Corporation Commission.

9. Specific Agency or Political Subdivisions Affected: Department of Human Resource Management, Department of Medical Assistance Services, and the State Corporation Commission.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/28/2021