

LD1585320

## HOUSE BILL NO. 2304

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Corporations, Insurance and Banking  
on February 4, 1995)

(Patron Prior to Substitute—Delegate Morgan)

A BILL to amend and reenact §§ 38.2-3407.7, 38.2-4209.1, and 38.2-4312.1 of the Code of Virginia, and to repeal §§ 38.2-3407.8, 38.2-4209.2, and 38.2-4312.2 of the Code of Virginia, relating to pharmacies and ancillary service providers; freedom of choice.

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-3407.7, 38.2-4209.1, and 38.2-4312.1 of the Code of Virginia are amended and reenacted as follows:

§ 38.2-3407.7. Pharmacies; freedom of choice.

A. Notwithstanding any provision of § 38.2-3407 to the contrary, no insurer proposing to issue preferred provider policies or contracts shall prohibit any person receiving pharmacy benefits furnished thereunder from selecting, without limitation, the pharmacy of his choice to furnish such benefits. This right of selection extends to and includes pharmacies that are nonpreferred providers and that ~~agree~~ *have previously notified the insurer, by facsimile or otherwise, of their agreement* to accept reimbursement for their services at rates applicable to pharmacies that are preferred providers, *including any copayment consistently imposed by the insurer, as payment in full. Each insurer shall permit prompt electronic or telephonic transmittal of the reimbursement agreement by the pharmacy and ensure prompt verification to the pharmacy of the terms of reimbursement. In no event shall any person receiving a covered pharmacy benefit from a nonpreferred provider which has submitted a reimbursement agreement be responsible for amounts that may be charged by the nonpreferred provider in excess of the copayment and the insurer's reimbursement applicable to all of its preferred pharmacy providers.*

B. No such insurer shall impose upon any person receiving pharmaceutical benefits furnished under any such policy or contract:

1. Any copayment, fee or condition that is not equally imposed upon all individuals in the same benefit category, class or copayment level, whether or not such benefits are furnished by pharmacists who are nonpreferred providers;

2. Any monetary penalty that would affect or influence any such person's choice of pharmacy; or

3. Any reduction in allowable reimbursement for pharmacy services related to utilization of pharmacists who are nonpreferred providers.

C. For purposes of this section, a prohibited condition or penalty shall include, without limitation: (i) denying immediate access to electronic claims filing to a pharmacy which is a nonpreferred provider and which has complied with subsection D below; or (ii) requiring a person receiving pharmacy benefits to make payment at point of service except to the extent such conditions and penalties are similarly imposed on preferred providers.

D. Any pharmacy which wishes to be covered by this section shall, if requested to do so in writing by an insurer, within thirty days of the pharmacy's receipt of the request, execute and deliver to the insurer the direct service agreement or preferred provider agreement which the insurer requires all of its preferred providers of pharmacy benefits to execute. Any pharmacy which fails to timely execute and deliver such agreement shall not be covered by this section with respect to that insurer unless and until the pharmacy executes and delivers the agreement.

E. The Commission shall have no jurisdiction to adjudicate controversies arising out of this section.

§ 38.2-4209.1. Pharmacies; freedom of choice.

A. Notwithstanding any provision of § 38.2-4209, no corporation providing preferred provider subscription contracts shall prohibit any person receiving pharmaceutical benefits thereunder from selecting, without limitation, the pharmacy of his choice to furnish such benefits. This right of selection extends to and includes pharmacies that are nonpreferred providers and that ~~agree~~ *have previously notified the corporation, by facsimile or otherwise, of their agreement* to accept reimbursement for their services at rates applicable to pharmacies that are preferred providers, *including any copayment consistently imposed by the corporation, as payment in full. Each corporation shall permit prompt electronic or telephonic transmittal of the reimbursement agreement by the pharmacy and ensure payment verification to the pharmacy of the terms of reimbursement. In no event shall any person receiving a covered pharmacy benefit from a nonpreferred provider which has submitted a reimbursement agreement be responsible for amounts that may be charged by the nonpreferred provider in excess of the copayment and the corporation's reimbursement applicable to all of its preferred pharmacy providers.*

60 B. No such corporation shall impose upon any person receiving pharmaceutical benefits furnished  
61 under any such contract:

62 1. Any copayment, fee or condition that is not equally imposed upon all individuals in the same  
63 benefit category, class or copayment level, whether or not such benefits are furnished by pharmacists  
64 who are nonpreferred providers;

65 2. Any monetary penalty that would affect or influence any such person's choice of pharmacy; or

66 3. Any reduction in allowable reimbursement for pharmacy services related to utilization of  
67 pharmacists who are nonpreferred providers.

68 C. *For purposes of this section, a prohibited condition or penalty shall include, without limitation:*  
69 *(i) denying immediate access to electronic claims filing to a pharmacy which is a nonpreferred provider*  
70 *and which has complied with subsection D below or (ii) requiring a person receiving pharmacy benefits*  
71 *to make payment at point of service, except to the extent such conditions and penalties are similarly*  
72 *imposed on preferred providers.*

73 D. *Any pharmacy which wishes to be covered by this section shall, if requested to do so in writing*  
74 *by a corporation, within thirty days of the pharmacy's receipt of the request, execute and deliver to the*  
75 *corporation the direct service agreement or preferred provider agreement which the corporation*  
76 *requires all of its preferred providers of pharmacy benefits to execute. Any pharmacy which fails to*  
77 *timely execute and deliver such agreement shall not be covered by this section with respect to that*  
78 *corporation unless and until the pharmacy executes and delivers the agreement.*

79 ~~E.~~ E. The Commission shall have no jurisdiction to adjudicate controversies arising out of this  
80 section.

81 § 38.2-4312.1. Pharmacies; freedom of choice.

82 A. Notwithstanding any other provision in this chapter, no health maintenance organization providing  
83 health care plans shall prohibit any person receiving pharmaceutical benefits thereunder from selecting,  
84 without limitation, the pharmacy of his choice to furnish such benefits. This right of selection extends to  
85 and includes pharmacies that are not participating providers under any such health care plan and that  
86 ~~agree~~ *have previously notified the health maintenance organization, by facsimile or otherwise, of their*  
87 *agreement to accept reimbursement for their services at rates applicable to pharmacies that are*  
88 *participating providers, including any copayment consistently imposed by the plan, as payment in full.*  
89 *Each health maintenance organization shall permit prompt electronic or telephonic transmittal of the*  
90 *reimbursement agreement by the pharmacy and ensure prompt verification to the pharmacy of the terms*  
91 *of reimbursement. In no event shall any person receiving a covered pharmacy benefit from a*  
92 *nonparticipating provider which has submitted a reimbursement agreement be responsible for amounts*  
93 *that may be charged by the nonparticipating provider in excess of the copayment and the health*  
94 *maintenance organization's reimbursement applicable to all of its participating pharmacy providers.*

95 B. No such health maintenance organization shall impose upon any person receiving pharmaceutical  
96 benefits furnished under any such health care plan:

97 1. Any copayment, fee or condition that is not equally imposed upon all individuals in the same  
98 benefit category, class or copayment level, whether or not such benefits are furnished by pharmacists  
99 who are not participating providers;

100 2. Any monetary penalty that would affect or influence any such person's choice of pharmacy; or

101 3. Any reduction in allowable reimbursement for pharmacy services related to utilization of  
102 pharmacists who are not participating providers.

103 C. *For purposes of this section, a prohibited condition or penalty shall include, without limitation:*  
104 *(i) denying immediate access to electronic claims filing to a pharmacy which is a nonparticipating*  
105 *provider and which has complied with subsection E below or (ii) requiring a person receiving pharmacy*  
106 *benefits to make payment at point of service, except to the extent such conditions and penalties are*  
107 *similarly imposed on participating providers.*

108 ~~E.~~ D. The provisions of this section are not applicable to any pharmaceutical benefit covered by a  
109 health care plan ~~whose terms require exclusive utilization of pharmacies~~ *when those benefits are*  
110 *obtained from a pharmacy wholly owned and operated by, or exclusively operated for, the health*  
111 *maintenance organization providing the health care plan.*

112 E. *Any pharmacy which wishes to be covered by this section shall, if requested to do so in writing*  
113 *by a health maintenance organization, within thirty days of the pharmacy's receipt of the request,*  
114 *execute and deliver to the health maintenance organization the direct service agreement or participating*  
115 *provider agreement which the health maintenance organization requires all of its participating providers*  
116 *of pharmacy benefits to execute. Any pharmacy which fails to timely execute and deliver such agreement*  
117 *shall not be covered by this section with respect to that health maintenance organization unless and*  
118 *until the pharmacy executes and delivers the agreement.*

119 ~~D.~~ F. The Commission shall have no jurisdiction to adjudicate controversies arising out of this  
120 section.

121 2. That §§ 38.2-3407.8, 38.2-4209.2, and 38.2-4312.2 of the Code of Virginia are repealed.

122 3. That the Joint Commission on Health Care shall conduct a three-year study of ancillary medical  
123 services insofar as the availability and quality of the same are affected by managed care, and shall  
124 include its findings thereon in its 1996, 1997 and 1998 reports to the Governor and the General  
125 Assembly.