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**HOUSE JOINT RESOLUTION NO. 574****AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the House Committee on Corporations, Insurance and Banking  
on January 31, 1997)

(Patron Prior to Substitute—Delegate Morgan)

*Directing the Joint Legislative Audit and Review Commission to examine the practices of pharmacy benefits manager firms.*

WHEREAS, as the health insurance industry reconfigures and managed care programs become pervasive, the effects on patient care and small businesses delivering health services are far-reaching; and

WHEREAS, a recent development in managed care approaches is the implementation of or contracting for pharmacy benefits management; and

WHEREAS, pharmacy services are essential to the well-being of many elderly and disabled person for the maintenance of their health; and

WHEREAS, appropriate pharmacy services can prevent hospital admissions and the need for emergency care — expensive services placing greater demands on society's resources; and

WHEREAS, the present management techniques alleged to be practiced by some pharmacy benefits managers are interfering in the statutorily required physician-patient-pharmacist relationship; and

WHEREAS, personal consultation and direct knowledge of the patient's conditions and medications are an important part of handling many chronic conditions; and

WHEREAS, so-called "desk audits" are allegedly being conducted many months after the dispensing of prescriptions and claims are being denied after the fact; and

WHEREAS, some persons claim that pharmacy benefits managers may also require the dispensing of the lowest cost generic drug which may not be on Virginia's Voluntary Formulary and would, therefore, be inappropriately dispensed in Virginia; and

WHEREAS, other persons also note that pharmacy benefits managers sometimes deny claims that have already been paid and debit the participating pharmacy's account involuntarily to remove such payment; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to examine the practices of pharmacy benefits manager firms. In conducting its examination of such pharmacy benefits manager firms, the Commission shall (i) seek the assistance of the State Corporation Commission and the Medical College of Virginia School of Pharmacy of Virginia Commonwealth University; (ii) identify any unfair trade practices and patterns of consumer abuse, and (iii) identify practices by pharmacy benefit manager firms which may inappropriately limit patient access to medically necessary pharmacy services.

All agencies of the Commonwealth shall provide assistance to the Joint Legislative Audit and Review Commission for this study, upon request.

The Joint Legislative Audit and Review Commission shall complete its work in time to submit its findings and recommendations to the Governor and the 1999 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.