

## State Corporation Commission 2010 Fiscal Impact Statement

**1. Bill Number:** HB198

House of Origin	<u>  X  </u>	Introduced	<u>      </u>	Substitute	<u>      </u>	Engrossed
Second House	<u>      </u>	In Committee	<u>      </u>	Substitute	<u>      </u>	Enrolled

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

**3. Committee:** Commerce and Labor

**4. Title:** Pharmacy contracts; audits.

**5. Summary:** Defines the term “audit” as including “any audit conducted by an insurance carrier or its pharmacy benefits administrator, on the premises of the participating pharmacy provider or by other means, to determine whether the participating pharmacy provider has complied with any term of the provider contract”. The bill revises § 38.2-4319 to make it applicable to HMOs. The terms “carrier” and “provider contract” are to have the same meaning as in § 38.2-3407.15 A. Requires any contract between a carrier and its pharmacy benefits administrator (PBA) under which the PBA has the right or obligation to audit participating pharmacy providers (PPPs) shall (i) comply with this bill, and (ii) include all audit procedures to be used by the carrier, and state that updated audit procedures to be used by the carrier will be delivered to all PPPs at least 30 days prior to any substantive changes. Includes certain audit procedures for contracts.

The bill requires that any contract subject to the section must include a claims review process and state that updated review procedures must be delivered to each PPP at least 30 days prior to the effective date of any substantive change in the review procedures. The review process must include that (i) the PPP can request electronically, review of any alleged underpayment within 12 months of adjudication of the claim, and (ii) the PPP must be given written notice of the decision within 3 months of the date the review request is received by the carrier or is PBA. The bill applies to contracts between a carrier and its PBA or carrier and a PPP or its contracting agent entered into; amended, extended or renewed on or after January 1, 2010.

**6. No Fiscal Impact on the State Corporation Commission**

**7. Budget amendment necessary:** No

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

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

**10. Technical amendment necessary:** No

**11. Other comments:** House Bill 198 was stricken on January 21, 2010.

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**Date:** 01/31/10 V. Tompkins

cc: Secretary of Health and Human Resources