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## FISCAL IMPACT REPORT

SPONSOR: HCPAC DATE TYPED: 3/16/03 HB 605/HCPACS/aHBIC

SHORT TITLE: Prescription Drug ID Cards SB \_\_\_\_\_

ANALYST: Wilson

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			See Narrative		

Relates to SB160, SB555 and HB513

### SOURCES OF INFORMATION

#### Responses Received From

Public School Insurance Authority (PSIA)  
 Public Regulation Commission (PRC)  
 Retiree Health Care Authority (RHCA)  
 Health Policy Commission (HPC)  
 Department of Health (DOH)  
 Human Services Department (HSD)

### SUMMARY

#### Synopsis of HBIC Amendment

The House Business and Industry Committee amendment removes the requirement that a uniform prescription drug information card must conform to the format of the National Council for Prescription Drug Programs' current implementation guide for such cards. The amendment also deletes the requirement for the uniform prescription drug information card to have the name and address of the benefits administrator or other entity responsible for prescription claims submission, adjudication or pharmacy provider correspondence for prescription benefits claims.

The HBIC amendment clarifies that the Prescription Drug Uniform Information Card Act shall not apply to the medicaid fee-for-service prescription drug program.

#### Synopsis of Original Bill

The House Consumer & Public Affairs Committee substitute for House Bill 605 requires a health

benefit plan providing prescription drug coverage and issuing a prescription drug card for claims submission, to issue a uniform prescription drug information card conforming to the standards and format of the national council for prescription drug programs' current implementation guide. This bill applies to fully insured and self-insured programs.

HB 605/HCPACS sets forth minimum standard information to be contained in uniform prescription drug information cards based on the current standards and formats of the National Council for Prescription Drug Program's (NCPDP) implementation guide.

HB 605/HCPACS requires a health benefit plan or third party administrator to issue the uniform card upon enrollment and reissue the uniform card within a reasonable time of any change. A new card will not have to be issued more often than once a year and plans have the option of using stickers to temporarily update cards until uniform cards are reissued.

The minimum information that must be included on the card:

- Issuer's name
- Cardholder's name and ID number
- International ID number
- Processor control number
- Group number
- Benefits administrator's name and address
- Pharmacy help desk telephone number

### Significant Issues

Proponents of House Bill 605/HCPACS believe pharmacists currently spend too much time with the administrative processing and paperwork between patients and the numerous and diverse private and public prescription drug coverage programs. This situation is further complicated by the increase in prescriptions and the decrease in pharmacists. As such, proponents argue that a uniform prescription drug identification card would help improve the quality care to patients, and reduce unnecessary administrative burdens on practicing pharmacists, and help the public and private insurance industries realize efficiencies associated with uniformity and standardization.

Opponents of HB 605/HCPACS argue that the design of a uniform drug identification card should be practical, flexible and not impose unnecessary financial burdens on insurers. However, HB 605/HCPAC calls for a uniform drug identification card containing standard necessary information based on the NCPDP's guidelines.

HB 605/HCPAC supports the recommendations of the HPC's Prescription Drug Study Advisory Committee, which suggested creative methods be used to reduce the amount of administrative responsibilities pharmacists have to process the numerous types of public and private insurance discount programs. Studies show 68% of a pharmacist's time is spent on non-patient related issues. The committee members suggested pharmacists' time would be better spent counseling and educating their consumers on medication issues.

HSD states that as the single state Medicaid agency for the state of New Mexico, pursuant to 42 USC 1396a, and 42 CFR § 431.10, it may not be subjected to another agency's authority. House Bill 605/HCPAC would subject HSD to the authority of the Superintendent of Insurance, in contravention of its agreement with the federal government. This would be made worse if the

“guidelines” allow a pharmacist to refuse service to a Medicaid client who does not, or cannot, produce the card when filing a prescription.

### **FISCAL IMPLICATIONS**

The PSIA notes the printing of the new cards and mailing to all PSIA members will result in more expense to the plan and more phone calls from members. The PSIA covers approximately 58,000 members, and new cards will need to be mailed to the employee’s home address. The cost of the printing and mailing is estimated at \$10,000 to \$15,000. There is no appropriation contained in the bill and this expense is not anticipated. There will be a similar impact on the RHCA and the General Services Department.

If timed correctly, however, the ID cards could be mailed out on the fiscal year boundaries since this is often done anyway, and the health plans could avoid additional expense.

### **ADMINISTRATIVE IMPLICATIONS**

HB 605/HCPACS authorizes the Superintendent of Insurance, if he deems it necessary, to draft and adopt regulations by January 1, 1904. Insurance Division staff will need to be trained about the laws requirements, as well as the NCPDP’s current implementation guide to ensure the effective administration and enforcement of the law.

### **RELATIONSHIP**

Relates to:

SB160, Prescription Drug Programs  
SB555, Prescription Drug Co-Payment Standards  
HB513, Senior Prescription Drug Program Efficiency

### **OTHER SUBSTANTIVE ISSUES**

Each individual or group health insurance policy, plan or certificate currently issues individual and unique identification cards for eligible members. These cards vary in their usefulness for billing purposes when presented by patients when obtaining their prescription drugs. Some providing adequate information, others less than minimal and some cards only contain the name of the patient and the company. This requires pharmacy staff to contact the company for additional information including current patient coverage and eligibility and to ascertain whether the prescribed drug is also covered. There are national efforts to establish uniform prescription drug identification cards to improve retail pharmacy administrative efficiencies.

Issuance of a universal uniform prescription drug identification card would eliminate a vast majority of rejects based on inaccurate patient information. Instructions for use for a particular card are voluminous and are different for each card, requiring providers to spend valuable time re-researching correct patient information, time that could be utilized in patient care or prescription filling. In addition, there could be potential cost savings through identification of alternate payer sources and potential service duplication.

**DW/yr**