

February 24, 2014

The Honorable Scott Schwab, Chairperson
House Committee on Insurance
Statehouse, Room 151-S
Topeka, Kansas 66612

Dear Representative Schwab:

SUBJECT: Fiscal Note for HB 2688 by House Committee on Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2688 is respectfully submitted to your committee.

HB 2688 would create the Continued Access to Community Pharmacy Act. The Act would apply to all contracts between pharmacies and pharmacy benefits managers that are entered into, renewed, or extended on and after July 1, 2014. The bill would amend the definition of pharmacy benefits manager to mean a provider which contracts with third-party pharmacies on behalf of a health plan, as defined in federal law to provide pharmacy services to those health plans. The definition would also specify that providers determine reimbursements to pharmacies for the services provided.

Under the bill, pharmacy benefits managers would be authorized to engage in the following activities:

1. Permit each covered individual to fill any mail order covered prescription, at such individual's option, at any mail order pharmacy or network participating non-mail order retail pharmacy, if the network participating non-mail order retail pharmacy agrees to accept a price that is comparable to that of the mail order pharmacy;
2. Refrain from imposing a differential copayment, additional fee or other condition on any covered individual who elects to fill a prescription at an in-network retail community pharmacy that is not similarly imposed on covered individuals electing to fill a prescription from a mail order pharmacy; and
3. Expressly disclose to the health insurance plan sponsor in the contract for drugs dispensed through the pharmacy benefits manager's own mail order pharmacy than those dispensed through a retail pharmacy.

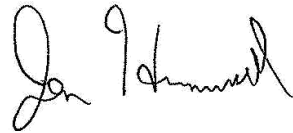
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The Board of Pharmacy indicates that HB 2688 would have no fiscal effect on its operations. A request to provide fiscal effect information has been sent to the Kansas Insurance Department, but no response has yet been provided. This fiscal note will be revised in the event KDHE provides specific information on the bill's fiscal effect on the state's Medicaid and State Employee Health Plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is written in a cursive style with a large initial "J" and "H".

Jon Hummell,
Interim Director of the Budget

cc: Debra Billingsley, Pharmacy
Zac Anshutz, Insurance Department