

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE

House Bill 895 (Delegate Elliott. *et al.*)

Economic Matters

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**Health Insurance - Prescription Drugs - Prescription Cards and Other Proof of Insurance**

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This bill requires a health insurer, nonprofit health service plan, HMO, or Medicaid managed care organization (carrier) that provides coverage for prescription drugs and devices to provide a prescription card or proof of insurance using other technology containing uniform prescription drug information. The uniform prescription drug information card, or proof of insurance using other technology, must be in the format approved by the National Council for Prescription Drug Programs and must include all the required and conditional or situational fields, and conform to the most recent pharmacy identification card or technology implementation guide. A carrier must provide the prescription card to its enrollees at the time of enrollment and reissue it upon any change in an enrollee's coverage that impacts on the data contained on the card.

The Insurance Commissioner may adopt regulations necessary to carry out the bill's requirements.

The bill's requirements apply to all policies or health benefit plans issued, delivered, or renewed on or after January 1, 2001.

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**Fiscal Summary**

**State Effect:** Any additional costs associated with issuing new prescription cards under the Medicaid program are assumed to be minimal and could be handled with existing budgeted resources. Potential minimal general fund revenue increase from the State's 2% insurance premium tax on for-profit carriers. Minimal special fund revenue increase for the Maryland Insurance Administration from the \$125 rate and form filing fee.

**Local Effect:** Expenditures for local jurisdiction employee health benefits could increase if

carriers raise their premiums as a result of the bill's requirements. Revenues would not be affected.

**Small Business Effect:** Potential minimal. Small business health insurance costs may increase if carriers increase their premiums as a result of this bill. Any increase is expected to be minimal.

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## Analysis

**Current Law:** There are no statutory provisions for a standardized prescription drug card.

**Background:** The National Council for Prescription Drugs Program (NCPDP) sets administrative standards for pharmacy claims transmissions, and has developed a standard prescription drug card to ease pharmacies' administrative burdens. The standardized card can be customized by each insurer because it contains both mandatory and conditional data fields.

Two states, North Carolina and Texas, have enacted legislation mandating use of a single card.

CareFirst of Maryland advises that it would have to issue two prescription cards to each enrollee in order to accommodate both required and conditional data fields. CareFirst estimates its total cost to be \$1.1 million.

### **State Fiscal Effect:**

*Medicaid.* It is unknown at this time if prescription cards issued by Medicaid managed care organizations (MCOs) comply with the bill's requirements. However, additional costs associated with issuing new, compliant cards are assumed to be minimal and absorbable within Medicaid's budgeted resources.

*State Employee Health Benefits Plan.* The bill's requirements do not apply to the State plan, which contracts directly with a pharmacy benefit manager to provide prescription benefits. The bill's requirements apply to carriers and carriers that contract with pharmacy benefit managers to provide prescription benefits, but do not apply to pharmacy benefit managers themselves.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** SB 803 (Senator Dorman) - Finance

**Information Source(s):** *Health Care Identification Card - Pharmacy ID Card - Implementation Guide* (June 1998), National Council for Prescription Drug Programs; CareFirst of Maryland; Department of Budget and Management (Employee Benefits Division); Department of Legislative Services

**Fiscal Note History:** First Reader - March 6, 2000  
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