

**Department of Legislative Services**

Maryland General Assembly

2001 Session

**FISCAL NOTE****Revised**

House Bill 807

(Delegate Elliott, *et al.*)

Economic Matters

Finance

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**Health Insurance Benefit Cards, Prescription Benefit Cards, or Other  
Technology**

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This bill requires an insurer, nonprofit health service plan, HMO, or managed care organization (carrier) to issue a health insurance benefit card, prescription benefit card, or other technology that either complies with the standards set forth in the National Council for Prescription Drug Program's pharmacy identification card implementation guide in effect at the time of issuance of the card, or includes the following data elements: (1) the carrier's name; (2) the enrollee's name and identification number; (3) the telephone number that providers may call for pharmacy benefit assistance; and (4) all electronic transaction routing information required by the carrier to process a prescription claim electronically.

The Department of Health and Mental Hygiene (DHMH) must adopt regulations to enable Medicaid managed care organizations (MCOs) comply with the bill's requirements and any unique HealthChoice program requirements relating to electronic claims processing.

The bill's requirements apply to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after July 1, 2002.

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**Fiscal Summary**

**State Effect:** 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. No effect on Medicaid or the State Employee Health Benefits Plan.

**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 meaningful.

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## Analysis

**Current Law:** None applicable.

**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. Each carrier can customize the standardized card because it contains both mandatory and conditional data fields.

Seven other states have enacted legislation either mandating the use of a prescription drug card or the inclusion of certain data elements on an insurance identification card.

### **State Fiscal Effect:**

#### *State Employee Health Benefits Plan*

The State plan currently provides prescription drug benefits for employees and retirees through a pharmacy benefits manager, Advance PCS. The prescription drug card issued for State employees and retirees does not comply with NCPDP standards, but it does contain the four data elements listed as an alternative to the NCPDP standards. Accordingly, the bill's requirements would not materially affect State Employee Health Benefits Plan expenditures.

If the State plan chooses to issue new NCPDP-compliant cards to all prescription drug plan enrollees, expenditures could increase by an estimated \$84,671, which includes a 50-cent charge per card and mailing costs. Advance PCS, a national pharmacy benefits manager, has adopted the NCPDP standardized format for other clients.

#### *Medicaid*

Most prescription drug cards issued by Medicaid's managed care organizations (MCOs) comply with the bill's requirements. To the extent that MCOs must change prescription drug cards and MCOs pass their costs onto Medicaid in the form of higher capitation

rates, Medicaid expenditures could increase. Any increase is assumed to be minimal and could be handled with existing budgeted Medicaid resources.

**Small Business Effect:** There are approximately 1,300 pharmacies in Maryland, 230 of which are small businesses. Small business pharmacies may experience administrative efficiencies if prescription drug cards contain the data elements required by the bill. According to a November 1999 study conducted by Arthur Andersen, LLP, pharmacists indicated that failure to use standardized cards and inadequate information on prescription cards impacted significantly on pharmacy productivity.

Small business health insurance costs could increase if carriers increase their premiums as a result of the bill's requirements.

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### **Additional Information**

**Prior Introductions:** A similar bill, HB 895, was introduced in the 2000 session but was reported unfavorably from the Economic Matters Committee.

**Cross File:** SB 686 (Senator Dorman) – Finance.

**Information Source(s):** *Report on Uniform Prescription Drug Card* (January 2001), Maryland Insurance Administration, Advance PCS, Department of Budget and Management (Employee Benefits Division), Department of Health and Mental Hygiene (Medicaid, Maryland Health Care Commission), Department of Legislative Services

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