

STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

Fiscal: No Fiscal Impact

Revenue: No Revenue Impact

Action Date: 06/05/15

Action: Do Pass The A-Eng Bill.

Meeting Dates: 06/05

Vote:

Senate

Yeas: 8 - Devlin, Hansell, Johnson, Monroe, Roblan, Shields, Steiner Hayward, Whitsett

Nays: 1 - Girod

Exc: 3 - Burdick, Thomsen, Winters

House

Yeas: 10 - Buckley, Gomberg, Huffman, Komp, Nathanson, Rayfield, Read, Whisnant, Whitsett, Williamson

Nays: 1 - McLane

Exc: 1 - Smith

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WHAT THE MEASURE DOES:

The measure approves the fees adopted by rule for the licensure of Pharmacy Benefit Managers as required by HB 2023 (Ch. 570, Laws 2013). The fees were adopted by DCBS and became effective on July 21, 2014.

ISSUES DISCUSSED:

- Generation of revenues
- Authority of agency to set fees by rule
- Potential number of licensees

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

Prior to the passage of HB 2123 in the 2013 legislative session, existing law required a person who transacts business as a third party administrator (TPA) to be licensed through DCBS. A third party administrator is defined as a person who directly or indirectly solicits or effects coverage of, underwrites, collects charges or premiums from, or adjusts or settles claims on residents of this state or residents of another state from offices in this state, in connection with life insurance or health insurance coverage. Therefore some TPAs also conduct pharmacy benefit manager activities. Currently DCBS licenses 296 TPAs. The total number of TPAs expected to be licensed as Pharmacy Benefit Managers is 70 each biennium.