BILL ANALYSIS

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S.B. 697
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Many Americans live with at least one chronic disease, such as high blood pressure, diabetes, high cholesterol, or heart disease. Medication is often the primary source of medical treatment for those with chronic diseases. However, many patients with chronic diseases struggle to adhere to their prescribed drug therapies, resulting in avoidable and costly health complications, worsening of disease progression, and an increased number of emergency room visits and hospital stays.

Interested parties have found that medication synchronization provides a solution to this issue. Medication synchronization seeks to increase patient adherence to prescribed drug therapies by having all the patient's prescriptions ready for pick up on the same date each month in order to minimize the disruption of treatment through delayed or missed refills.

However, one of the biggest challenges to medication synchronization is the upfront costs to the patient. Currently, many health plans do not have payment policies in place to provide coverage for a claim for less than a 30-day supply and require patients to pay a full co-payment for a partial fill. In other cases, pharmacies trying to submit a claim for adjusted quantities will receive a "refill too soon" rejection and the payer will deny coverage altogether, leaving the patient responsible for paying for medication out of pocket.

S.B. 697 allows physicians, working in conjunction with the patient's health plan and the pharmacy, to determine which medications should be aligned in order to properly treat chronic diseases. It also eliminates barriers to medication synchronization by requiring health plans to prorate any cost-sharing amount charged for a prescription drug dispensed in a quantity that is less than a 30-day supply as part of a recommended medication synchronization program, resulting in reduced upfront costs for patients.

Medication synchronization is currently permitted under Medicare Part D. In addition, 17 other states have passed legislation requiring the establishment of a medication synchronization program.

As proposed, S.B. 697 amends current law relating to health benefit coverage for prescription drug synchronization.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 1369, Insurance Code, by adding Subchapter J, as follows:

SUBCHAPTER J. COVERAGE RELATED TO PRESCRIPTION DRUG SYNCHRONIZATION

Sec. 1369.451. DEFINITIONS. Defines "cost-sharing amount," "health care provider," and "physician."

Sec. 1369.452. APPLICABILITY OF SUBCHAPTER. (a) Provides that this subchapter applies only to a health benefit plan that provides benefits for medical or surgical expenses incurred as a result of a health condition, accident, or sickness, including an individual, group, blanket, or franchise insurance policy or insurance agreement, a group hospital service contract, or an individual or group evidence of coverage or similar coverage document that is offered by an insurance company, a group hospital service corporation operating under Chapter 842 (Group Hospital Service Corporations), a health maintenance organization operating under Chapter 843 (Health Maintenance Organizations), an approved nonprofit health corporation that holds a certificate of authority under Chapter 844 (Certification of Certain Nonprofit Health Corporations), a multiple employer welfare arrangement that holds a certificate of authority under Chapter 846 (Multiple Employer Welfare Arrangements), a stipulated premium company operating under Chapter 884 (Stipulated Premium Insurance Companies), a fraternal benefit society operating under Chapter 885 (Fraternal Benefit Societies), or an exchange operating under Chapter 942 (Reciprocal and Interinsurance Exchanges).

(b) Provides that this subchapter applies to group health coverage made available by a school district in accordance with Section 22.004 (Group Health Benefits for School Employees), Education Code.

(c) Provides that notwithstanding any provision in Chapter 1551, 1575, 1579, or 1601 or any other law, this subchapter applies to health benefit plan coverage provided under:

(1) Chapter 1551 (Texas Employees Group Benefits Act);

(2) Chapter 1575 (Texas Public School Employees Group Benefits Program);

(3) Chapter 1579 (Texas School Employees Uniform Group Health Coverage); and

(4) Chapter 1601 (Uniform Insurance Benefits Act for Employees of The University of Texas System and The Texas A&M University System).

(d) Provides that notwithstanding Section 1501.251 (Exception From Certain Mandated Benefit Requirements), or any other law, this subchapter applies to coverage under a small employer health benefit plan subject to Chapter 1501 (Health Insurance Portability and Availability Act).

(e) Provides that this subchapter applies to a standard health benefit plan issued under Chapter 1507 (Consumer Choice of Benefit Plans).

(f) Requires, to the extent allowed by federal law, that the child health plan program operated under Chapter 62 (Child Health Plan for Certain Low-Income Children), Health and Safety Code, and the state Medicaid program, including the Medicaid managed care program operated under Chapter 533 (Medicaid Managed Care Program), Government Code, provide the coverage required under this subchapter to a recipient.

Sec. 1369.453. PRORATION OF COST-SHARING AMOUNT REQUIRED. (a) Requires a health benefit plan that provides benefits for prescription drugs to prorate any cost-sharing amount charged for a prescription drug dispensed in a quantity that is less than a 30 days' supply if:

(1) the pharmacy or the enrollee's prescribing physician or health care provider notifies the health benefit plan that the quantity dispensed is to synchronize the dates that the pharmacy dispenses the enrollee's

prescription drugs, and the synchronization of the dates is in the best interest of the enrollee; and

(2) the enrollee agrees to the synchronization.

(b) Requires the proration described by Subsection (a) to be based on the number of days' supply of the drug actually dispensed.

Sec. 1369.454. PRORATION OF DISPENSING FEE PROHIBITED. Prohibits a health benefit plan that prorates a cost-sharing amount as required by Section 1369.453 from prorating the fee paid to the pharmacy for dispensing the drug for which the cost-sharing amount was prorated.

Sec. 1369.455. IMPLEMENTATION OF CERTAIN MEDICATION SYNCHRONIZATION PLANS. (a) Defines "chronic illness" and "medication synchronization plan."

(b) Requires that a health benefit plan establish a process through which the following parties are authorized to jointly approve a medication synchronization plan for medication to treat an enrollee's chronic illness: the health benefit plan, the enrollee, the prescribing physician or health care provider, and a pharmacist.

(c) Requires that a health benefit plan provide coverage for a medication dispensed in accordance with the dates established in the medication synchronization plan described by Subsection (b).

(d) Requires that a health benefit plan establish a process that allows a pharmacist or pharmacy to override the health benefit plan's denial of coverage for a medication described by Subsection (b).

(e) Requires that a health benefit plan allow a pharmacist or pharmacy to override the health benefit plan's denial of coverage through the process described by Subsection (d) and requires the health benefit plan to provide coverage for the medication if the prescription for the medication is being refilled in accordance with the medication synchronization plan described by Subsection (b), and the reason for the denial is that the prescription is being refilled before the date established by the plan's general prescription refill guidelines.

SECTION 2. Makes application of this Act prospective to January 1, 2018.

SECTION 3. Effective date: September 1, 2017.