

Approved: 3-18-94
Date

MINUTES OF THE SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE

The meeting was called to order by Chair Sandy Praeger at 2:45 p.m. on March 10, 1994 at the Rail of the Capitol.

All members were present except:

Committee staff present:

Jo Ann Bunten, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Action on Substitute for SB 84 - Civil penalties for the violation of pharmacy act

The Committee met at the Rail upon adjournment of the Senate at 2:45 p.m.

After Committee discussion regarding groups such as preferred provider organizations, Senator Walker made a motion to adopt the following language to be inserted in New Sec. 1, subsection (f) before the period, "with regard to any policy, contract, plan or agreement issued under authority of chapter 40 of the Kansas Statutes Annotated," and that the Committee recommend **Substitute for SB 84 as amended** favorably for passage, seconded by Senator Jones. The motion carried.

A copy of the draft of the bill and amendment is attached. (Attachment 1)

The meeting was adjourned at 2:55 p.m.

The next meeting is scheduled for March 14, 1994.

Substitute for SENATE BILL NO. 84

By Committee on Public Health and Welfare

1 AN ACT concerning choice of pharmacy providers under group health
2 insurance policies; amending K.S.A. 40-19c09 and repealing
3 the existing section.

4 Be it enacted by the Legislature of the State of Kansas:

5 New Section 1. (a) Every policy, contract, plan or agreement
6 delivered to any group in this state which provides benefits or
7 services, or both, for hospital and medical services that is
8 offered by an accident and health insurance company, by a
9 nonprofit medical and hospital service corporation, by a health
10 maintenance organization as defined in K.S.A. 40-3202 and
11 amendments thereto, except when the health maintenance
12 organization owns and operates its own pharmacies and such health
13 maintenance organization is in operation on the effective date of
14 this act, by a preferred provider organization or by an
15 individual practice association or by a similar mechanism shall
16 provide for written notice to the commissioner of insurance of
17 the creation of a pharmacy network not less than 90 days prior to
18 the effective date of any contract for pharmacy services. All
19 notices shall identify a contact person or office of such plan,
20 the address of such person or office and the geographic area to
21 be served by such contract. The commissioner of insurance shall

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1 cause to be published in the Kansas register on a weekly basis a
2 copy of all notices received by the commissioner in the preceding
3 week.

4 (b) If such policy, contract, plan or agreement provides or
5 contracts for the services of a pharmacy network, such policy,
6 contract, plan or agreement shall permit participation of at
7 least one pharmacy for each Kansas county in which that plan has
8 participating employers or physicians. In no event shall a plan
9 have less than one pharmacy within 30 miles of a plan physician
10 or employer in a Kansas county designated pursuant to K.S.A.
11 76-375 and amendments thereto as an underserved area and within
12 10 miles in any other county. The provisions of this subsection
13 shall apply only if the plan has a written offer to participate
14 in the pharmacy network from a registered pharmacy located in
15 such Kansas county under the same terms and conditions of the
16 policy, contract, plan or agreement as those offered to any other
17 provider of pharmacy services.

18 (c) No such policy, contract, plan or agreement, except as
19 permitted in this subsection, shall permit or mandate any
20 difference in coverage for or impose any different conditions,
21 including copayment fees, whether the prescription benefits are
22 provided through direct contact with a pharmacy or by use of an
23 out-of-state mail order pharmacy so long as the provider selected
24 is a participant in the plan involved. The limitations of this
25 subsection shall not apply to any pharmacy services owned and
26 operated by an accident and health insurance company, its

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1 commonly-owned affiliate or subsidiary, nonprofit medical and
2 hospital service corporation, health maintenance organization,
3 individual practice association or other similar mechanism.

4 (d) Any provision in an accident and health insurance
5 policy, contract, plan or agreement offered in this state which
6 violates the provisions of this section is void.

7 (e) Nothing in this section shall apply to any policy, plan,
8 contract or agreement operating pursuant to the federal employee
9 retirement income security act of 1974 (ERISA).

10 (f) The department of insurance shall enforce the provisions
11 of this section.

12 Sec. 2. K.S.A. 40-19c09 is hereby amended to read as
13 follows: 40-19c09. (a) Corporations organized under the nonprofit
14 medical and hospital service corporation act shall be subject to
15 the provisions of the Kansas general corporation code, articles
16 60 to 74, inclusive, of chapter 17 of the Kansas Statutes
17 Annotated, applicable to nonprofit corporations, to the
18 provisions of ~~K.S.A. 40-2254~~ section 1, to the provisions of
19 K.S.A. 40-214, 40-215, 40-216, 40-218, 40-219, 40-222, 40-223,
20 40-224, 40-225, 40-226, 40-229, 40-230, 40-231, 40-235, 40-236,
21 40-237, 40-247, 40-248, 40-249, 40-250, 40-251, 40-252, 40-254,
22 40-2,100, 40-2,101, 40-2,102, 40-2,103, 40-2,104, 40-2,105,
23 40-2,116, 40-2,117, 40-2a01 et seq., 40-2111 to 40-2116,
24 inclusive, 40-2215 to 40-2220, inclusive, 40-2401 to 40-2421,
25 inclusive, and 40-3301 to 40-3313, inclusive, and amendments
26 thereto, and to the provisions of K.S.A. 40-2221a, 40-2221b,

1 40-2229, 40-2230, 40-2250, 40-2251 ~~and~~, 40-2253 and 40-2254, and
2 amendments thereto, except as the context otherwise requires, and
3 shall not be subject to any other provisions of the insurance
4 code except as expressly provided in this act.

5 (b) No policy, agreement, contract or certificate issued by
6 a corporation to which this section applies shall contain a
7 provision which excludes, limits or otherwise restricts coverage
8 because medicaid benefits as permitted by title XIX of the social
9 security act of 1965 are or may be available for the same
10 accident or illness.

11 (c) Violation of subsection (b) shall be subject to the
12 penalties prescribed by K.S.A. 40-2407 and 40-2411 and amendments
13 thereto.

14 Sec. 3. K.S.A. 40-19c09 is hereby repealed.

15 Sec. 4. This act shall take effect and be in force from and
16 after its publication in the statute book.

From: Furse Norm
To: SERVER TWO:Praeger
Date: 3/10/94
Subject: SB 84 - reply

[] Return Receipt

Jo Ann, The language was changed in subsection (f) of the draft as follows: before the period by inserting "with regard to any policy, contract, plan or agreement issued under authority of chapter 40 of the Kansas Statutes Annotated".