

2018 -- H 7702

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2018

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A N A C T

RELATING TO INSURANCE -- ACCIDENT AND SICKNESS INSURANCE POLICIES

Introduced By: Representatives Lombardi, Hull, Walsh, Ajello, and Vella-Wilkinson

Date Introduced: February 28, 2018

Referred To: House Health, Education & Welfare

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 27-18-50 of the General Laws in Chapter 27-18 entitled "Accident  
2 and Sickness Insurance Policies" is hereby amended to read as follows:

3 **27-18-50. Drug coverage.**

4 (a) Any accident and sickness insurer that utilizes a formulary of medications for which  
5 coverage is provided under an individual or group-plan, master contract shall require any  
6 physician or other person authorized by the department of health to prescribe medication to  
7 prescribe from the formulary. A physician or other person authorized by the department of health  
8 to prescribe medication shall be allowed to prescribe medications previously on, or not on, the  
9 accident and sickness insurer's formulary if he or she believes that the prescription of the non-  
10 formulary medication is medically necessary. An accident and sickness insurer shall be required  
11 to provide coverage for a non-formulary medication only when the non-formulary medication  
12 meets the accident and sickness insurer's medical-exception criteria for the coverage of that  
13 medication.

14 (b) An accident and sickness insurer's medical exception criteria for the coverage of non-  
15 formulary medications shall be developed in accordance with § 23-17.13-3(c)(3).

16 (c) Any subscriber who is aggrieved by a denial of benefits to be provided under this  
17 section may appeal the denial in accordance with the rules and regulations promulgated by the  
18 department of health pursuant to chapter 17.12 of title 23.

19 (d) Prior to removing a prescription drug from its plan's formulary or making any change

1 in the preferred or tiered, cost-sharing status of a covered prescription drug, an accident and  
2 sickness insurer must provide at least thirty (30) days' notice to authorized prescribers by  
3 established communication methods of policy and program updates and by updating available  
4 references on web-based publications. All adversely affected members must be provided at least  
5 thirty (30) days' notice prior to the date such change becomes effective by a direct notification:

6 (i) The written or electronic notice must contain the following information:

7 (A) The name of the affected prescription drug;

8 (B) Whether the plan is removing the prescription drug from the formulary, or changing  
9 its preferred or tiered, cost-sharing status; and

10 (C) The means by which subscribers may obtain a coverage determination or medical  
11 exception, in the case of drugs that will require prior authorization or are formulary exclusions  
12 respectively.

13 (ii) An accident and sickness insurer may immediately remove from its plan formularies  
14 covered prescription drugs deemed unsafe by the accident and sickness insurer or the Food and  
15 Drug Administration, or removed from the market by their manufacturer, without meeting the  
16 requirements of this section.

17 (e) This section shall not apply to insurance coverage providing benefits for: (1) Hospital  
18 confinement indemnity; (2) Disability income; (3) Accident only; (4) Long-term care; (5)  
19 Medicare supplement; (6) Limited-benefit health; (7) Specified-disease indemnity; (8) Sickness  
20 or bodily injury or death by accident or both; or (9) Other limited-benefit policies.

21 (f) No contract between an insurance carrier or pharmacy benefit manager and a  
22 contracted pharmacy shall contain any provision prohibiting or penalizing, including through  
23 increased utilization review, reduced payments or other financial disincentives, a pharmacist's  
24 disclosure to an individual purchasing prescription medication relative to information regarding  
25 the cost of the prescription medication to the individual or the availability of any therapeutically  
26 equivalent alternative medications or alternative methods of purchasing the prescription  
27 medication, including, but not limited to, paying a cash price, that are less expensive than the cost  
28 of the prescription medication to the individual.

29 SECTION 2. Section 27-19-26 of the General Laws in Chapter 27-19 entitled "Nonprofit  
30 Hospital Service Corporations" is hereby amended to read as follows:

31 **27-19-26. Drug coverage.**

32 (a) No group health insurer subject to the provisions of this chapter that provides  
33 coverage for prescription drugs under a group plan master contract delivered, issued for delivery,  
34 or renewed in this state may require any person covered under the contract to obtain prescription

1 drugs from a mail order pharmacy as a condition of obtaining benefits for the drugs.

2 (b) No contract between an insurance carrier or pharmacy benefit manager and a  
3 nonprofit hospital service corporation shall contain any provision prohibiting or penalizing,  
4 including through increased utilization review, reduced payments or other financial disincentives,  
5 a nonprofit hospital service corporation's disclosure to an individual purchasing prescription  
6 medication relative to information regarding the cost of the prescription medication to the  
7 individual or the availability of any therapeutically equivalent alternative medications or  
8 alternative methods of purchasing the prescription medication, including, but not limited to,  
9 paying a cash price, that are less expensive than the cost of the prescription medication to the  
10 individual.

11 SECTION 3. Section 27-20-23 of the General Laws in Chapter 27-20 entitled "Nonprofit  
12 Medical Service Corporations" is hereby amended to read as follows:

13 **27-20-23. Drug coverage.**

14 (a) No group health insurer subject to the provisions of this chapter that provides  
15 coverage for prescription drugs under a group plan master contract delivered, issued for delivery,  
16 or renewed in this state may require any person covered under the contract to obtain prescription  
17 drugs from a mail order pharmacy as a condition of obtaining benefits for the drugs.

18 (b) No contract between an insurance carrier or pharmacy benefit manager and a  
19 nonprofit medical service corporation shall contain any provision prohibiting or penalizing,  
20 including through increased utilization review, reduced payments or other financial disincentives,  
21 a nonprofit medical service corporation's disclosure to an individual purchasing prescription  
22 medication relative to information regarding the cost of the prescription medication to the  
23 individual or the availability of any therapeutically equivalent alternative medications or  
24 alternative methods of purchasing the prescription medication, including, but not limited to,  
25 paying a cash price, that are less expensive than the cost of the prescription medication to the  
26 individual.

27 SECTION 4. Section 27-41-38 of the General Laws in Chapter 27-41 entitled "Health  
28 Maintenance Organizations" is hereby amended to read as follows:

29 **27-41-38. Drug coverage.**

30 (a) No health maintenance organization that provides coverage for prescription drugs  
31 under a group plan master contract delivered, issued for delivery, or renewed in this state may  
32 require any person covered under the contract to obtain prescription drugs from a mail order  
33 pharmacy as a condition of obtaining benefits for the drugs.

34 (b) No contract between an insurance carrier or pharmacy benefit manager and a health

1 maintenance organization shall contain any provision prohibiting or penalizing, including through  
2 increased utilization review, reduced payments or other financial disincentives, a health service  
3 organization's disclosure to an individual purchasing prescription medication relative to  
4 information regarding the cost of the prescription medication to the individual or the availability  
5 of any therapeutically equivalent alternative medications or alternative methods of purchasing the  
6 prescription medication, including, but not limited to, paying a cash price, that are less expensive  
7 than the cost of the prescription medication to the individual.

8 SECTION 5. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO INSURANCE -- ACCIDENT AND SICKNESS INSURANCE POLICIES

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1           This act would prohibit health insurance companies from penalizing pharmacies,  
2 nonprofit hospital service corporations, nonprofit medical service corporations or health service  
3 organizations from disclosing to a patient or to an individual purchasing prescription medication,  
4 information regarding the cost of the prescription medication to the individual or the availability  
5 of any therapeutically equivalent alternative medications or alternative methods of purchasing the  
6 prescription medication, including, but not limited to, paying a cash price, that are less expensive  
7 than the cost of the prescription medication to the individual.

8           This act would take effect upon passage.

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