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PROPOSED NCOIL MODEL LAWS FOCUS ON HEALTH CARE TRANSPARENCY

Boston, Massachusetts, July 25, 2006 — At the recent National Conference of Insurance Legislators (NCOIL) Summer Meeting here, the Health, Long-Term Care, and Health Retirement Issues Committee considered two model bills focused on one central question: is increased transparency necessary to improve health care? Consideration on July 21 of draft physician discount secondary market and pharmacy benefit manager (PBM) model laws will lead the way for further review, and possible adoption, of the model acts later this year.

Committee Chair Representative George Keiser (ND) said, “The need for health care transparency is becoming increasingly evident. Consumers and health care providers alike should know how much they will be expected to pay for a particular service or benefit, and to whom, prior to delivery. They also need greater awareness of the complex relationships within the health care industry that have a direct impact on availability and affordability.”

At the July 21 session, the Committee first considered a model *Regulation of the Secondary Market in Physician Discounts Act*, sponsored by Senator Joseph Crisco (CT) and supported by the American Medical Association (AMA). The model would regulate the health insurance market by requiring disclosures regarding the exchange of physician discount information, among other things.

Insurance representatives, including America’s Health Insurance Plans (AHIP) and the Blue Cross Blue Shield Association (BCBSA), affirmed the importance of cost

transparency in health care, but contended that the model legislation would burden insurance providers, raise health care premiums, and increase the number of uninsured.

A second model, the *Model Act Regarding Pharmacy Benefit Managers*, sponsored by Delegate Harvey Morgan (VA) would, among other things, require that a PBM owe a fiduciary duty to a covered entity, provide transparency regarding financial and utilization information, disclose any conflict of interest presented by PBM activity, and follow drug substitution guidelines.

Proponents of the legislation believe that pharmacies and small employers are often discriminated against in PBM contracting because of their limited size, and suggest that PBM disclosures could “level the playing field,” while opponents of the bill, including the Pharmaceutical Care Management Association (PCMA), suggest that the model law requirements could dramatically increase the cost of prescription drugs.

A special Committee roundtable discussion on the same day allowed lawmakers to question panelists on the pros and cons of enacting PBM legislation. Roundtable panelists included Regina Benjamin of the National Community Pharmacists Association (NCPA), David Czekanski of the Massachusetts Group Insurance Commission (GIC), Barbara Levy of the PCMA, and Randi Reichel, who represented America’s Health Insurance Plans (AHIP).

The Committee will continue its consideration of the two models during the NCOIL Annual Meeting in Napa Valley, California, scheduled for November 9 through 12 at the Marriott Napa Valley Hotel and Spa.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at www.ncoil.org.

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