

FOR IMMEDIATE RELEASE

CONTACT:

Susan Nolan
Mike Humphreys
NCOIL National Office
518-687-0178

**LEGISLATORS BATTLE OVER MODEL PBM BILL,
TAKE ACTION ON OTHER HEALTH PROPOSALS**

Napa Valley, California, November 15, 2006 — At the recent National Conference of Insurance Legislators (NCOIL) Annual Meeting here, the Health, Long-Term Care & Health Retirement Issues Committee held a lively debate on proposed pharmacy benefit manager (PBM) legislation and resolved to determine the controversial bill's future at the upcoming 2007 Spring Meeting. The Committee also discussed proposed models regarding physician discounts and long-term care partnership programs.

Consideration of the *Model Act Regarding Pharmacy Benefit Managers*, sponsored by Del. Harvey Morgan (VA), focused on the need for, and consequences of, state PBM regulation. Following testimony from representatives of academia, community pharmacists, health plans, and PBMs, legislators set the stage for decisive action early next year, citing a need to extend the discussion until that time.

The move represents the latest development in the Health Committee's more than year-long examination of the issue. A proposed amended version of the model, also sponsored by Del. Morgan, was not submitted in accordance with the NCOIL 30-day deadline rule and failed to meet the two-thirds vote required for Committee consideration. The revisions would have made technical and definition changes to the draft.

The proposed model would, in part, 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.

Also on the Committee's agenda was consideration of a draft *Model Act Concerning Regulation of the Secondary Market in Physician Discounts*, sponsored by Sen. Joseph Crisco (CT). Representatives of the American Medical Association (AMA) and America's Health Insurance

Plans (AHIP) reported on their as-yet incomplete efforts to reach consensus on the proposal. Legislators deferred consideration of the draft while the AMA and AHIP continue their dialogue.

Regarding long-term care (LTC) insurance, the Committee postponed indefinitely two proposed model laws that would have helped states enable and implement LTC partnership programs. The Committee had deferred its consideration of the proposals pending action on S. 1932, the *Deficit Reduction Act*, that gave all 50 states access to partnership systems. President Bush signed the bill on February 8, 2006.

Legislators likewise voted against transmitting a letter to Congress that was critical of the approach taken in S. 1932.

The Committee met on November 9, during the November 9 through 12 NCOIL Annual Meeting. The NCOIL Spring Meeting will be held from March 1 through 4 in Savannah, Georgia.

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.

For further details, please contact the NCOIL National Office at 518-687-0178 or at mhumphreys@ncoil.org.

#