

SENATE BILL 874

C3

4r3065
CF HB 761

By: **Senator Klausmeier**

Introduced and read first time: January 31, 2014

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Specialty Drugs**

3 FOR the purpose of prohibiting certain insurers, nonprofit health service plans, and
4 health maintenance organizations from imposing a copayment or coinsurance
5 requirement on a covered specialty drug that exceeds a certain dollar amount;
6 providing for an annual increase to the copayment or coinsurance requirement
7 limit; providing that, under certain circumstances, certain provisions of law or
8 certain regulations do not preclude certain insurers, nonprofit health service
9 plans, and health maintenance organizations from requiring a covered specialty
10 drug to be obtained through a certain source; authorizing certain insurers,
11 nonprofit health service plans, and health maintenance organizations to provide
12 coverage for specialty drugs through a managed care system; defining certain
13 terms; making the provisions of this Act applicable to health maintenance
14 organizations; providing for the application of this Act; and generally relating to
15 specialty drugs.

16 BY adding to

17 Article – Insurance
18 Section 15–847
19 Annotated Code of Maryland
20 (2011 Replacement Volume and 2013 Supplement)

21 BY adding to

22 Article – Health – General
23 Section 19–706(oooo)
24 Annotated Code of Maryland
25 (2009 Replacement Volume and 2013 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
27 MARYLAND, That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1

Article – Insurance2 **15-847.**

3 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
4 **MEANINGS INDICATED.**

5 **(2) (I) “COMPLEX OR CHRONIC MEDICAL CONDITION” MEANS**
6 **A PHYSICAL, BEHAVIORAL, OR DEVELOPMENTAL CONDITION THAT:**

7 1. **MAY HAVE NO KNOWN CURE;**

8 2. **IS PROGRESSIVE; OR**

9 3. **CAN BE DEBILITATING OR FATAL IF LEFT**
10 **UNTREATED OR UNDERTREATED.**

11 **(II) “COMPLEX OR CHRONIC MEDICAL CONDITION”**
12 **INCLUDES:**

13 1. **MULTIPLE SCLEROSIS;**

14 2. **HEPATITIS C; AND**

15 3. **RHEUMATOID ARTHRITIS.**

16 **(3) “MANAGED CARE SYSTEM” MEANS A SYSTEM OF COST**
17 **CONTAINMENT METHODS THAT AN INSURER, A NONPROFIT HEALTH SERVICE**
18 **PLAN, OR A HEALTH MAINTENANCE ORGANIZATION USES TO REVIEW AND**
19 **PREAUTHORIZE DRUGS PRESCRIBED BY A HEALTH CARE PROVIDER FOR A**
20 **COVERED INDIVIDUAL TO CONTROL UTILIZATION, QUALITY, AND CLAIMS.**

21 **(4) (I) “RARE MEDICAL CONDITION” MEANS A DISEASE OR**
22 **CONDITION THAT AFFECTS FEWER THAN:**

23 1. **200,000 INDIVIDUALS IN THE UNITED STATES; OR**

24 2. **APPROXIMATELY 1 IN 1,500 INDIVIDUALS**
25 **WORLDWIDE.**

26 **(II) “RARE MEDICAL CONDITION” INCLUDES:**

27 1. **CYSTIC FIBROSIS;**

1 **2. HEMOPHILIA; AND**

2 **3. MULTIPLE MYELOMA.**

3 **(5) “SPECIALTY DRUG” MEANS A PRESCRIPTION DRUG THAT:**

4 **(I) IS PRESCRIBED FOR AN INDIVIDUAL WITH A COMPLEX**
5 **OR CHRONIC MEDICAL CONDITION OR A RARE MEDICAL CONDITION;**

6 **(II) COSTS \$600 OR MORE FOR UP TO A 30-DAY SUPPLY;**

7 **(III) IS NOT TYPICALLY STOCKED AT RETAIL PHARMACIES;**
8 **AND**

9 **(IV) 1. REQUIRES A DIFFICULT OR UNUSUAL PROCESS OF**
10 **DELIVERY TO THE PATIENT IN THE PREPARATION, HANDLING, STORAGE,**
11 **INVENTORY, OR DISTRIBUTION OF THE DRUG; OR**

12 **2. REQUIRES ENHANCED PATIENT EDUCATION,**
13 **MANAGEMENT, OR SUPPORT, BEYOND THOSE REQUIRED FOR TRADITIONAL**
14 **DISPENSING, BEFORE OR AFTER ADMINISTRATION OF THE DRUG.**

15 **(B) THIS SECTION APPLIES TO:**

16 **(1) INSURERS AND NONPROFIT HEALTH SERVICE PLANS THAT**
17 **PROVIDE COVERAGE FOR PRESCRIPTION DRUGS UNDER HEALTH INSURANCE**
18 **POLICIES OR CONTRACTS THAT ARE ISSUED OR DELIVERED IN THE STATE; AND**

19 **(2) HEALTH MAINTENANCE ORGANIZATIONS THAT PROVIDE**
20 **COVERAGE FOR PRESCRIPTION DRUGS UNDER CONTRACTS THAT ARE ISSUED**
21 **OR DELIVERED IN THE STATE.**

22 **(C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN**
23 **ENTITY SUBJECT TO THIS SECTION MAY NOT IMPOSE A COPAYMENT OR**
24 **COINSURANCE REQUIREMENT ON A COVERED SPECIALTY DRUG THAT EXCEEDS**
25 **\$150 FOR UP TO A 30-DAY SUPPLY OF THE SPECIALTY DRUG.**

26 **(2) ON JULY 1 OF EACH YEAR, THE LIMIT ON THE COPAYMENT OR**
27 **COINSURANCE REQUIREMENT ON A COVERED SPECIALTY DRUG SHALL**
28 **INCREASE BY A PERCENTAGE EQUAL TO THE PERCENTAGE CHANGE FROM THE**
29 **PRECEDING YEAR IN THE MEDICAL CARE COMPONENT OF THE**
30 **MARCH CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS,**

1 WASHINGTON–BALTIMORE, FROM THE U.S. DEPARTMENT OF LABOR, BUREAU
2 OF LABOR STATISTICS.

3 (D) SUBJECT TO § 15–805 OF THIS SUBTITLE AND NOTWITHSTANDING §
4 15–806 OF THIS SUBTITLE, NOTHING IN THIS ARTICLE OR REGULATIONS
5 ADOPTED UNDER THIS ARTICLE PRECLUDES AN ENTITY SUBJECT TO THIS
6 SECTION FROM REQUIRING A COVERED SPECIALTY DRUG TO BE OBTAINED
7 THROUGH A DESIGNATED PHARMACY OR OTHER SOURCE AUTHORIZED UNDER
8 THE HEALTH OCCUPATIONS ARTICLE TO DISPENSE OR ADMINISTER
9 PRESCRIPTION DRUGS.

10 (E) AN ENTITY SUBJECT TO THIS SECTION MAY PROVIDE COVERAGE
11 FOR SPECIALTY DRUGS THROUGH A MANAGED CARE SYSTEM.

12 Article – Health – General

13 19–706.

14 (0000) THE PROVISIONS OF § 15–847 OF THE INSURANCE ARTICLE
15 APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
17 policies, contracts, and health benefit plans issued, delivered, or renewed in the State
18 on or after January 1, 2016.

19 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2014.