## HOUSE BILL 138

# 54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

### INTRODUCED BY

Elizabeth "Liz" Thomson

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AN ACT

RELATING TO HEALTH COVERAGE; ENACTING SECTIONS OF THE HEALTH CARE PURCHASING ACT, THE NEW MEXICO INSURANCE CODE, THE HEALTH MAINTENANCE ORGANIZATION LAW HHHC→AND ,←HHHC THE NONPROFIT HEALTH CARE PLAN LAW HHHC→AND THE PHARMACY BENEFITS MANAGER REGULATION ACT←HHHC TO PROVIDE COVERED PERSONS WITH PARITY OF ACCESS AND PAYMENT BETWEEN PARTICIPATING MAIL-ORDER PHARMACIES AND PARTICIPATING COMMUNITY PHARMACIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Health Care Purchasing Act is enacted to read:

"[NEW MATERIAL] PHARMACY BENEFITS--PARTICIPATING PHARMACIES -- ACCESS PARITY -- COPAYMENT AND COINSURANCE PARITY .--

Group health coverage, including any form of self-insurance, offered, issued or renewed under the Health .211997.1

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Care Purchasing Act, that offers a prescription drug benefit shall permit:

- (1) any pharmacy or pharmacist licensed in the state to participate as a participating community pharmacy or participating mail-order pharmacy if that pharmacy agrees to accept the terms and conditions that the group health coverage establishes; and
- an enrollee to fill a covered prescription (2) at the enrollee's option at any participating community pharmacy or participating mail-order pharmacy; provided that the participating community pharmacy accepts reimbursement at a rate comparable to that of a participating mail-order pharmacy.
- A group health plan shall not impose a В. copayment, coinsurance or other condition on an enrollee who elects to fill a covered prescription from any participating community pharmacy that is not also imposed on an enrollee who elects to fill a covered prescription at a participating mailorder pharmacy.
- C. A group health plan shall not require an enrollee, as a condition of payment or reimbursement, to purchase pharmacy services, including prescription drugs, exclusively through a mail-order pharmacy.
- Any provision in a group health plan, including any form of self-insurance, offered, issued or renewed under the Health Care Purchasing Act, that is contrary to any .211997.1

provision of this section is void to the extent of that conflict.

### E. As used in this section:

- (1) "covered prescription" means a drug for which a group health plan has agreed to make reimbursement under the terms of the group health plan;
- (2) "participating community pharmacy" means an entity physically located in the state that operates in the regular course of business as a retail pharmacy, irrespective of the cost or type of prescription drugs it dispenses and that:
- (a) has agreed to accept a group health plan's contracted payment rate, and, pursuant to this agreement, an enrollee may fill a prescription and pay a copayment or coinsurance that is more advantageous to the enrollee than the copayment or coinsurance for a prescription sought from a retail pharmacy that has not agreed to the group health plan's contracted payment rate; and
- (b) in the two years preceding the date the pharmacy has otherwise become eligible to become a participating community pharmacy, has not been convicted of fraud, waste or abuse, or entered into a settlement pursuant to allegations of fraud, waste or abuse, in matters related to or arising out of a health coverage program established pursuant to Title 18, 19 or 21 of the federal Social Security Act; and

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- (3) "participating mail-order pharmacy" means, irrespective of the cost or type of prescription drugs it dispenses, a retail pharmacy:
- that is registered, headquartered or has its base of operations physically located in the state;
- (b) for which the majority of the pharmacy's business consists of dispensing a prescription drug under a prescription drug order and having the drug delivered to a patient by the United States mail, a common carrier or a delivery service. Mail-order pharmacies include pharmacies that do business via the internet or other electronic media;
- (c) that has agreed to accept a group health plan's contracted payment rate, and, pursuant to this agreement, an enrollee may fill a prescription and pay a copayment or coinsurance that is more advantageous to the enrollee than the copayment or coinsurance for a prescription sought from a retail pharmacy that has not agreed to the group health plan's contracted payment rate; and
- that in the two years preceding the date the pharmacy has otherwise become eligible to become a participating mail-order pharmacy, has not been convicted of fraud, waste or abuse, or entered into a settlement pursuant to allegations of fraud, waste or abuse, in matters related to or arising out of a health coverage program established pursuant to Title 18, 19 or 21 of the federal Social Security Act."

SECTION 2. A new section of Chapter 59A, Article 22 NMSA 1978 is enacted to read:

"[NEW MATERIAL] PHARMACY BENEFITS--PARTICIPATING

PHARMACIES--ACCESS PARITY--COPAYMENT AND COINSURANCE PARITY.--

A. An individual or group health insurance policy, health care plan or certificate of insurance that is delivered, issued for delivery or renewed in the state and that provides a prescription drug benefit shall permit:

- (1) any pharmacy or pharmacist licensed in the state to participate as a participating community pharmacy or participating mail-order pharmacy if that pharmacy agrees to accept the terms and conditions that the health insurance policy, health care plan or certificate of insurance establishes; and
- (2) an insured to fill a covered prescription at the insured's option at any participating community pharmacy or participating mail-order pharmacy; provided that the participating community pharmacy accepts reimbursement at a rate comparable to that of a participating mail-order pharmacy.
- B. An insurer shall not impose a copayment, coinsurance or other condition on an insured who elects to fill a covered prescription from any participating community pharmacy that is not also imposed on an insured who elects to fill a covered prescription at any participating mail-order pharmacy.

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- An insurer shall not require an insured, as a condition of payment or reimbursement, to purchase pharmacy services, including prescription drugs, exclusively through a mail-order pharmacy.
- A health insurance policy, health care plan or certificate of insurance that is delivered, issued for delivery or renewed in the state and that contains a provision contrary to any provision of this section is void to the extent of that conflict.
- The provisions of this section apply to health insurance policies, health care plans and certificates of insurance delivered or issued for delivery after January 1, 2020.

### As used in this section:

- "covered prescription" means a drug for (1) which a health insurance policy, health care plan or certificate of insurance has agreed to make reimbursement under the terms of the health insurance policy, health care plan or certificate of insurance;
- "participating community pharmacy" means (2) an entity physically located in the state that operates in the regular course of business as a retail pharmacy, irrespective of the cost or type of prescription drugs it dispenses and that:
  - (a) has agreed to accept an insurer's

contracted payment rate, and, pursuant to this agreement, an insured may fill a prescription and pay a copayment or coinsurance that is more advantageous to the insured than the copayment or coinsurance for a prescription sought from a retail pharmacy that has not agreed to the carrier's contracted payment rate; and

- (b) in the two years preceding the date the pharmacy has otherwise become eligible to become a participating community pharmacy, has not been convicted of fraud, waste or abuse, or entered into a settlement pursuant to allegations of fraud, waste or abuse, in matters related to or arising out of a health coverage program established pursuant to Title 18, 19 or 21 of the federal Social Security Act; and
- (3) "participating mail-order pharmacy" means, irrespective of the cost or type of prescription drugs it dispenses, a retail pharmacy:
- (a) that is registered, headquartered or has its base of operations physically located in the state;
- (b) for which the majority of the pharmacy's business consists of dispensing a prescription drug under a prescription drug order and having the drug delivered to a patient by the United States mail, a common carrier or a delivery service. Mail-order pharmacies include pharmacies that do business via the internet or other electronic media;
  - (c) that has agreed to accept an

insurer's contracted payment rate, and, pursuant to this agreement, an insured may fill a prescription and pay a copayment or coinsurance that is more advantageous to the insured than the copayment or coinsurance for a prescription sought from a retail pharmacy that has not agreed to the insurer's contracted payment rate; and

(d) that in the two years preceding the date the pharmacy has otherwise become eligible to become a participating mail-order pharmacy, has not been convicted of fraud, waste or abuse, or entered into a settlement pursuant to allegations of fraud, waste or abuse, in matters related to or arising out of a health coverage program established pursuant to Title 18, 19 or 21 of the federal Social Security Act."

SECTION 3. A new section of Chapter 59A, Article 23 NMSA 1978 is enacted to read:

"[NEW MATERIAL] PHARMACY BENEFITS--PARTICIPATING

PHARMACIES--ACCESS PARITY--COPAYMENT AND COINSURANCE PARITY.--

A. An individual or group health insurance policy, health care plan or certificate of insurance that is delivered, issued for delivery or renewed in the state and that provides a prescription drug benefit shall permit:

(1) any pharmacy or pharmacist licensed in the state to participate as a participating community pharmacy or participating mail-order pharmacy if that pharmacy agrees to accept the terms and conditions that the health insurance .211997.1

policy, health care plan or certificate of insurance establishes; and

- (2) an insured to fill a covered prescription at the insured's option at any participating community pharmacy or participating mail-order pharmacy; provided that the participating community pharmacy accepts reimbursement at a rate comparable to that of a participating mail-order pharmacy.
- B. An insurer shall not impose a copayment, coinsurance or other condition on an insured who elects to fill a covered prescription from any participating community pharmacy that is not also imposed on an insured who elects to fill a covered prescription at any participating mail-order pharmacy.
- C. An insurer shall not require an insured, as a condition of payment or reimbursement, to purchase pharmacy services, including prescription drugs, exclusively through a mail-order pharmacy.
- D. A health insurance policy, health care plan or certificate of insurance that is delivered, issued for delivery or renewed in the state and that contains a provision contrary to any provision of this section is void to the extent of that conflict.
- E. The provisions of this section apply to health insurance policies, health care plans and certificates of insurance delivered or issued for delivery after January 1, .211997.1

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### F. As used in this section:

(1) "covered prescription" means a drug for which a health insurance policy, health care plan or certificate of insurance has agreed to make reimbursement under the terms of the health insurance policy, health care plan or certificate of insurance;

(2) "participating community pharmacy" means an entity physically located in the state that operates in the regular course of business as a retail pharmacy, irrespective of the cost or type of prescription drugs it dispenses and that:

(a) has agreed to accept an insurer's contracted payment rate, and, pursuant to this agreement, an insured may fill a prescription and pay a copayment or coinsurance that is more advantageous to the insured than the copayment or coinsurance for a prescription sought from a retail pharmacy that has not agreed to the carrier's contracted payment rate; and

(b) in the two years preceding the date the pharmacy has otherwise become eligible to become a participating community pharmacy, has not been convicted of fraud, waste or abuse, or entered into a settlement pursuant to allegations of fraud, waste or abuse, in matters related to or arising out of a health coverage program established pursuant

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to Title 18, 19 or 21 of the federal Social Security Act; and

(3) "participating mail-order pharmacy" means, irrespective of the cost or type of prescription drugs it dispenses, a retail pharmacy:

- (a) that is registered, headquartered or has its base of operations physically located in the state;
- (b) for which the majority of the pharmacy's business consists of dispensing a prescription drug under a prescription drug order and having the drug delivered to a patient by the United States mail, a common carrier or a delivery service. Mail-order pharmacies include pharmacies that do business via the internet or other electronic media;
- insurer's contracted payment rate, and, pursuant to this agreement, an insured may fill a prescription and pay a copayment or coinsurance that is more advantageous to the insured than the copayment or coinsurance for a prescription sought from a retail pharmacy that has not agreed to the insurer's contracted payment rate; and
- (d) that in the two years preceding the date the pharmacy has otherwise become eligible to become a participating mail-order pharmacy, has not been convicted of fraud, waste or abuse, or entered into a settlement pursuant to allegations of fraud, waste or abuse, in matters related to or arising out of a health coverage program established pursuant

to Title 18, 19 or 21 of the federal Social Security Act."

SECTION 4. A new section of the Health Maintenance Organization Law is enacted to read:

"[NEW MATERIAL] PHARMACY BENEFITS--PARTICIPATING

PHARMACIES--ACCESS PARITY--COPAYMENT AND COINSURANCE PARITY.--

- A. A health maintenance organization contract that is delivered, issued for delivery or renewed in the state and that provides a prescription drug benefit shall permit:
- (1) any pharmacy or pharmacist licensed in the state to participate as a participating community pharmacy or participating mail-order pharmacy if that pharmacy agrees to accept the terms and conditions that the contract establishes; and
- (2) an enrollee to fill a covered prescription at the enrollee's option at any participating community pharmacy or participating mail-order pharmacy; provided that the participating community pharmacy accepts reimbursement at a rate comparable to that of a participating mail-order pharmacy.
- B. A carrier shall not impose a copayment, coinsurance or other condition on an enrollee who elects to fill a covered prescription from any participating community pharmacy that is not also imposed on an enrollee who elects to fill a covered prescription at any participating mail-order pharmacy.
- C. A carrier shall not require an enrollee, as a .211997.1

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condition of payment or reimbursement, to purchase pharmacy services, including prescription drugs, exclusively through a mail-order pharmacy.

- A health maintenance organization contract that D. is delivered, issued for delivery or renewed in the state and that contains a provision contrary to any provision of this section is void to the extent of that conflict.
- The provisions of this section apply to health maintenance organization contracts delivered or issued for delivery after January 1, 2020.

### F. As used in this section:

- "covered prescription" means a drug for which a health maintenance organization contract has agreed to make reimbursement under the terms of the health maintenance organization contract;
- "participating community pharmacy" means (2) an entity physically located in the state that operates in the regular course of business as a retail pharmacy, irrespective of the cost or type of prescription drugs it dispenses and that:
- (a) has agreed to accept a carrier's contracted payment rate, and, pursuant to this agreement, an enrollee may fill a prescription and pay a copayment or coinsurance that is more advantageous to the enrollee than the copayment or coinsurance for a prescription sought from a

retail pharmacy that has not agreed to the carrier's contracted payment rate; and

- (b) in the two years preceding the date the pharmacy has otherwise become eligible to become a participating community pharmacy, has not been convicted of fraud, waste or abuse, or entered into a settlement pursuant to allegations of fraud, waste or abuse, in matters related to or arising out of a health coverage program established pursuant to Title 18, 19 or 21 of the federal Social Security Act; and
- (3) "participating mail-order pharmacy" means, irrespective of the cost or type of prescription drugs it dispenses, a retail pharmacy:
- (a) that is registered, headquartered or has its base of operations physically located in the state;
- (b) for which the majority of the pharmacy's business consists of dispensing a prescription drug under a prescription drug order and having the drug delivered to a patient by the United States mail, a common carrier or a delivery service. Mail-order pharmacies include pharmacies that do business via the internet or other electronic media;
- (c) that has agreed to accept a carrier's contracted payment rate, and, pursuant to this agreement, an enrollee may fill a prescription and pay a copayment or coinsurance that is more advantageous to the enrollee than the copayment or coinsurance for a prescription

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1	sought from a retail pharmacy that has not agreed to the
2	carrier's contracted payment rate; and
3	(d) that in the two years preceding the
4	date the pharmacy has otherwise become eligible to become a
5	participating mail-order pharmacy, has not been convicted of
6	fraud, waste or abuse, or entered into a settlement pursuant to
7	allegations of fraud, waste or abuse, in matters related to or
8	arising out of a health coverage program established pursuant
9	to Title 18, 19 or 21 of the federal Social Security Act."
10	SECTION 5. A new section of the Nonprofit Health Care
11	Plan Law is enacted to read:
12	"[NEW MATERIAL] PHARMACY BENEFITSPARTICIPATING
13	PHARMACIESACCESS PARITYCOPAYMENT AND COINSURANCE PARITY
14	A. A health care plan that is delivered, issued for
15	delivery or renewed in the state and that provides a
16	prescription drug benefit shall permit:
17	(1) any pharmacy or pharmacist licensed in the
18	state to participate as a participating community pharmacy or
19	participating mail-order pharmacy if that pharmacy agrees to
20	accept the terms and conditions that the contract establishes;
21	and
22	(2) a subscriber to fill a covered
23	prescription at the subscriber's option at any participating
24	community pharmacy or participating mail-order pharmacy;
25	provided that the participating community pharmacy accepts

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reimbursement at a rate comparable to that of a participating mail-order pharmacy.

- A health care plan shall not impose a copayment, coinsurance or other condition on a subscriber who elects to fill a covered prescription from any participating community pharmacy that is not also imposed on a subscriber who elects to fill a covered prescription at any participating mail-order pharmacy.
- C. A health care plan shall not require a subscriber, as a condition of payment or reimbursement, to purchase pharmacy services, including prescription drugs, exclusively through a mail-order pharmacy.
- A health care plan that is delivered, issued for delivery or renewed in the state and that contains a provision contrary to any provision of this section is void to the extent of that conflict.
- The provisions of this section apply to health care plans delivered or issued for delivery after January 1, 2020.

### As used in this section:

- "covered prescription" means a drug for (1) which a health care plan has agreed to make reimbursement under the terms of the health care plan;
- "participating community pharmacy" means (2) an entity physically located in the state that operates in the .211997.1

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regular course of business as a retail pharmacy, irrespective of the cost or type of prescription drugs it dispenses and that:

has agreed to accept a health care plan's contracted payment rate, and, pursuant to this agreement, a subscriber may fill a prescription and pay a copayment or coinsurance that is more advantageous to the subscriber than the copayment or coinsurance for a prescription sought from a retail pharmacy that has not agreed to the health care plan's contracted payment rate; and

in the two years preceding the date (b) the pharmacy has otherwise become eligible to become a participating community pharmacy, has not been convicted of fraud, waste or abuse, or entered into a settlement pursuant to allegations of fraud, waste or abuse, in matters related to or arising out of a health coverage program established pursuant to Title 18, 19 or 21 of the federal Social Security Act; and

- "participating mail-order pharmacy" means, irrespective of the cost or type of prescription drugs it dispenses, a retail pharmacy:
- (a) that is registered, headquartered or has its base of operations physically located in the state;
- (b) for which the majority of the pharmacy's business consists of dispensing a prescription drug under a prescription drug order and having the drug delivered

to a patient by the United States mail, a common health care plan or a delivery service. Mail-order pharmacies include pharmacies that do business via the internet or other electronic media;

(c) that has agreed to accept a health care plan's contracted payment rate, and, pursuant to this agreement, a subscriber may fill a prescription and pay a copayment or coinsurance that is more advantageous to the subscriber than the copayment or coinsurance for a prescription sought from a retail pharmacy that has not agreed to the health care plan's contracted payment rate; and

(d) that in the two years preceding the date the pharmacy has otherwise become eligible to become a participating mail-order pharmacy, has not been convicted of fraud, waste or abuse, or entered into a settlement pursuant to allegations of fraud, waste or abuse, in matters related to or arising out of a health coverage program established pursuant to Title 18, 19 or 21 of the federal Social Security Act."

HHHC→SECTION 6. A new section of the Pharmacy Benefits
Manager Regulation Act is enacted to read:

"[NEW MATERIAL] PHARMACY BENEFITS--PARTICIPATING
PHARMACIES-- ACCESS PARITY.--

A. A pharmacy benefits manager or intermediary that contracts with an employer, a managed care company, a nonprofit hospital or a medical service organization, insurance company .211997.1

or	third	d <mark>-part</mark> y	payer	for	the	provision	of	a	prescription	drug
ber	nefit	shall	permit							

- (1) any pharmacy or pharmacist licensed in the state to participate as a participating community pharmacy or participating mail-order pharmacy if that pharmacy agrees to accept the reasonable standard terms and conditions that the contract establishes; and
- (2) an enrollee to fill a covered prescription at the enrollee's option at any participating community pharmacy or participating mail-order pharmacy; provided that the participating community pharmacy accepts reimbursement at a rate comparable to that of other participating contracted pharmacies.
- B. A pharmacy benefits manager shall not impose a copayment, coinsurance or other condition on an enrollee who elects to fill a covered prescription from any participating community pharmacy that is also imposed on an enrollee who elects to fill a covered prescription at any participating mail-order pharmacy.
- C. A pharmacy benefits manager shall not require an enrollee, as a condition of payment or reimbursement, to purchase pharmacy services, including prescription drugs, through a mail- order pharmacy.
  - D. A pharmacy benefits manager contract that is

entered into with any employer, managed care company, nonprofit hospital or medical service organization, insurance company or third-party payer and that contains a provision contrary to any provision of this section is void to the extent of that conflict.

## E. As used in this section:

(1) "covered prescription" means a drug on the formulary of the contracted pharmacy benefits manager, for which the pharmacy benefits manager has agreed to make reimbursement under the terms of its contract;

(2) "participating community pharmacy" means an entity licensed by the state that operates in the regular course of business as a retail pharmacy, irrespective of the cost or type of prescription drugs it dispenses, and that in the two years preceding the date the pharmacy has otherwise become eligible to become a participating community pharmacy, has not been convicted of fraud, waste or abuse, or entered into a settlement pursuant to allegations of fraud, waste or abuse, in matters related to or arising out of a health coverage program established pursuant to Title 18, 19 or 21 of the federal Social Security Act; and

(3) "participating mail-order pharmacy" means,
irrespective of the cost or type of prescription drugs it
dispenses, a pharmacy:

1	(a) that is licensed by the state;
2	(b) for which the majority of the
3	pharmacy's business consists of dispensing a prescription drug
4	under a prescription drug order and having the drug delivered
5	to a patient by the United States mail or a common carrier.
6	Mail-order pharmacies include pharmacies that do business via
7	the internet or other electronic media; and
8	(c) that in the two years preceding the
9	date the pharmacy has otherwise become eligible to become a
10	participating mail-order pharmacy, has not been convicted of
11	fraud, waste or abuse in a matter related to or arising out of
12	a health coverage program established pursuant to Title 18, 19
13	or 21 of the federal Social Security Act."←HHHC
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