

**REPORT OF THE
SPECIAL ADVISORY COMMISSION ON MANDATED
HEALTH INSURANCE BENEFITS**

Reimbursement for Pharmacists

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



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COMMONWEALTH OF VIRGINIA



STEPHEN H. MARTIN
11TH SENATORIAL DISTRICT
PART OF CHESTERFIELD AND DINWIDDIE COUNTIES,
AMELIA COUNTY, CITY OF COLONIAL HEIGHTS
POST OFFICE BOX 36147
RICHMOND, VIRGINIA 23235

COMMITTEE ASSIGNMENTS:
EDUCATION AND HEALTH
GENERAL LAWS
LOCAL GOVERNMENT
PRIVILEGES AND ELECTIONS

SENATE

January 9, 2001

To: The Honorable James S. Gilmore, III
 Governor of Virginia
 and
 The General Assembly of Virginia

The report contained herein has been prepared pursuant to §§ 9-298 and 9-299 of the Code of Virginia.

This report documents a study conducted by the Special Advisory Commission on Mandated Health Insurance Benefits to assess the social and financial impact and the medical efficacy of House Bill 1050, regarding a proposed mandate of direct reimbursement for pharmacists.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "S. H. Martin".

Stephen H. Martin
Chairman
Special Advisory Commission on
Mandated Health Insurance Benefits

**SPECIAL ADVISORY COMMISSION ON
MANDATED HEALTH INSURANCE BENEFITS**

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INTRODUCTION

House Bill 1050 was referred by the House Committee on Corporations, Insurance and Banking to the Advisory Commission for review and is patroned by Delegate Eric I. Cantor.

The Advisory Commission held a public hearing on October 4, 2000 to receive comments on House Bill 1050. In addition to the bill's chief patron, two citizens spoke in support of House Bill 1050. Representatives of Virginia Commonwealth University, Ukrops Grocery Stores, and Delegate Harvey Morgan also spoke in favor of House Bill 1050. Representatives of the Virginia Association of Health Plans (VAHP) and of the Health Insurance Association of America (HIAA) spoke in opposition to House Bill 1050.

Written comments supporting House Bill 1050 were received from several pharmacists and pharmacy groups and one physician. Written comments opposing House Bill 1050 were received from the VAHP, HIAA, and Trigon Blue Cross Blue Shield.

SUMMARY OF PROPOSED LEGISLATION

House Bill 1050 would amend and reenact §§ 38.2-3408 and 38.2-4221 of the Code of Virginia. If passed, §38.2-3408 Subsection A would read that if an accident and sickness insurance policy provides reimbursement for any service that may be legally performed by a person licensed in this Commonwealth as a chiropractor, optometrist, optician, professional counselor, psychologist, clinical social worker, podiatrist, physical therapist, chiropodist, clinical nurse specialist who renders mental health services, audiologist, speech pathologist, certified nurse midwife, licensed acupuncturist, or *pharmacist* reimbursement under the policy shall not be denied because the service is rendered by the licensed practitioner. House Bill 1050 would add *pharmacists* to the before mentioned list of practitioners.

Also, §38.2-4221 would be amended to read:

A nonstock corporation shall not fail or refuse, either directly or indirectly, to allow or to pay a subscriber for all or any part of the health services rendered by any doctor of podiatry, doctor of chiropody, optometrist, optician, chiropractor, professional counselor, psychologist, physical therapist, clinical social worker, clinical nurse specialist who renders mental health services, audiologist, speech pathologist, certified nurse midwife, licensed acupuncturist, or *pharmacist* licensed to practice in Virginia, if the services rendered (i) are services provided for by the subscription contract and (ii) are services which the doctor of podiatry, doctor of chiropody, optometrist, optician, chiropractor, professional counselor, psychologist, physical

therapist, clinical social worker, clinical nurse specialist who renders mental health services, audiologist, speech pathologist, certified nurse midwife, licensed acupuncturist, or *pharmacist* is licensed to render in this Commonwealth.

The proposed legislation would add another provider and reimbursement of his or her services to the list of mandated providers. The reimbursement of services provided by pharmacists would be mandated.

During the November 9, 2000 meeting of the Advisory Commission, proponents of House Bill 1050 presented conceptual language which would add new subsections to §§ 38.2-3408 and 38.2-4221 of the Code of Virginia. The proposed new subsections would:

- Require reimbursement for pharmacists practicing under collaborative practice agreements; and
- Limit reimbursement for pharmacists to covered services for which there are clinically accepted standards of care or for which there are disease state protocols approved by the Informal Conference Committee of the Board of Medicine pursuant to 18 VAC 110-40-30; and
- Clarify the inapplicability of the "freedom of choice" law to the required reimbursement of pharmacists under these new subsections.

Proponents presented amended language for House Bill 1050 during the December 14, 2000 meeting of the Advisory Commission. They proposed amending and reenacting §§ 38.2-3408 and 38.2-4221 of the Code of Virginia to again clarify the inapplicability of the freedom of choice law to these sections, and to allow health plans to limit reimbursement to:

- Pharmacists who are administering vaccines or who are acting under the terms of a collaborative practice agreement; and
- Treatment for which there is a disease state protocol that is clinically accepted as the standard of care, or approved by the Board of Medicine and the Board of Pharmacy.

PHARMACISTS

The Virginia Code § 54.1-3300 defines a "pharmacist" as a person holding a license by the Board of Pharmacy to practice pharmacy. The code section defines the "practice of pharmacy" as:

The personal health service that is concerned with the art and science of selecting, procuring, recommending, administering, preparing, compounding, packaging and dispensing of drugs, medicines, and devices used in the diagnosis, treatment, or

prevention of disease, whether compounded or dispensed on a prescription or otherwise legally dispensed or distributed, and shall include the proper and safe storage and distribution of drugs, the maintenance of proper records and the responsibility of providing information concerning drugs and medicines and their therapeutic values and uses in the treatment of disease.

The qualifications for a pharmacist in the Commonwealth of Virginia are very similar to those in the rest of the nation. Virginia Code Section 54.1-3312 provides that the individual applying for licensure must have graduated from a school of pharmacy that is approved by the Board of Pharmacy, (the Board), must have had a period of practical experience in the United States in accordance with the Board's regulations, and must have taken and passed the pharmacy examination prescribed by the Board.

SERVICES PROVIDED BY PHARMACISTS

Pharmacists are commonly regarded as those who fill prescriptions that are prescribed by a doctor. However, today's pharmacists have several duties.

For each prescription dispensed, a pharmacist must check to see that the information provided by the prescriber is complete, that the new medication will not interact with other medications that the patient is taking, that the medication and dosage is appropriate for the patient's health condition, and that the patient understands the proper way to store and take the medication. (American Pharmaceutical Association)

Pharmacists are expanding their roles and duties. They are "moving from behind the counter to play a pivotal role in patient care management." (American Pharmaceutical Association)

Private consulting areas, pharmacist house calls and medication monitoring procedures are but a few of the revolutionary changes the pharmacy profession is devising to ensure adequate and proper pharmaceutical care for consumers. The pharmacist is frequently more accessible and often sees patients on a consistent basis, the pharmacist can assist physicians in determining medication effectiveness, patient tolerance to medications, and other related factors that affect the success of a patient treatment program. (American Pharmaceutical Association)

Written comments from several individuals and organizations within the pharmacists' community acknowledge the expansive roles of pharmaceutical care and of pharmacists. They support the recent trend to move to complete pharmaceutical care to appropriately help those in need. Proponents believe the

way to proceed is through a more involved role in "drug therapy." Drug therapy is used to "ensure that the drug is used safely and effectively," which requires other services. The other services include patient education about drug and non-drug therapies, monitoring compliance with physician instructions for administration and dosages, monitoring drug levels, identifying physical drug interactions and side effects, and documentation of the outcomes. These other services are components of effective treatment.

CURRENT INDUSTRY PRACTICES

The State Corporation Commission's Bureau of Insurance surveyed sixty of the top writers of accident and sickness insurance in Virginia in March 2000, regarding the bills to be reviewed by the Advisory Commission this year. Fifty companies responded by the deadline. Twenty-four companies indicated that they have little or no applicable health insurance business in force in Virginia. Of the remaining 26 companies, 6 companies reported that they provide the coverage required by House Bill 1050. Eighteen companies indicated they did not provide the coverage that would be required by House Bill 1050. Two companies replied that they currently provide the coverage required by House Bill 1050 under group contracts, but not under individual contracts.

The survey also asked respondents to identify the number of people in the Commonwealth with coverage similar to that required by House Bill 1050. Of the eight respondents who indicated that they currently provide some type of coverage, the total number of covered Virginians was 122,704. One company reported an unknown number.

Insurers were asked if they reimburse pharmacists for disease management services for conditions such as high blood pressure, asthma, or diabetes. Four insurers responded that they do provide such reimbursement, and four responded that they do not. Two companies indicated that they reimburse pharmacists for disease management services relating to all conditions when the services are medically necessary.

The survey asked the insurers who already provide the coverage required by House Bill 1050 if they limit the number of pharmacy visits or if they impose a maximum payment for pharmacy visits. Two companies responded that they do not have any such limits, and two companies responded that they impose a maximum allowable charge set for a single visit to a pharmacist based upon reasonable and customary charges. Finally, the survey requested the average amount of a claim payment for services provided by a pharmacist. Two companies each indicated \$90.

SOCIAL IMPACT

House Bill 1050 would add licensed pharmacists to a list of providers for reimbursement of services. The bill would require insurers to reimburse pharmacists for services provided within the pharmacists' scope of practice.

The Virginia Department of Health Professions reports that there are 7,629 licensed pharmacists in the Commonwealth of Virginia. In the United States, there are approximately 173,000 pharmacists. These 173,000 pharmacists are personal pharmacists to 58% of all adults in the United States. The average age of a pharmacist's patient is 45. The majority of people seeking a pharmacist, 76%, live in cities, with the remaining 24% living in rural areas. (American Pharmaceutical Association)

In the United States, 46% of the total population uses prescription medications, and most people who use prescription medications pose several questions about their medications to their pharmacist. Thirty-seven percent of consumers always ask their pharmacist about the best over-the-counter product to purchase for certain conditions, and about interactions with their prescription medications. Twenty-nine percent always ask if there are any possible side effects with the medication. (American Pharmaceutical Association)

FINANCIAL IMPACT

Respondents to the Bureau of Insurance survey provided cost figures of between \$.11 and \$.50 per month per standard individual policy and between \$.11 and \$1.87 per month per standard group certificate to provide the coverage required by House Bill 1050. Insurers providing coverage on an optional basis provided cost figures from \$.11 to \$1.49 per month per standard individual policy, and between \$.11 to \$2.23 per month per standard group certificate. The survey requested information about the average amount of a claim payment by an insurer who offered coverage similar to House Bill 1050. Two companies each responded that \$90 was an average claim payment.

Proponents of the bill argued that House Bill 1050 is a cost saving as well as a life saving benefit. Proponents pointed out financial benefits documented by a study titled "Comparison of an Anticoagulation Clinic with Usual Medical Care." (Anticoagulation Control, Patient Outcomes, and Health Care Costs), published in the Archives of Internal Medicine, 1998. The study compared patients who were treated with the usual medical care to those treated in a pharmacist-managed anticoagulation clinic. The study results indicated that "patients treated in the clinic had better anticoagulation control, fewer bleeding and clotting complications, fewer emergency room visits, and death related to treatment was eliminated." Using the anticoagulation clinic, "...health care costs were dramatically reduced by more than \$1,600 per patient."

MEDICAL EFFICACY

House Bill 1050 would not require another service under mandated benefits, such as coverage for certain illnesses. House Bill 1050 would add licensed pharmacists to the list of providers required to be directly reimbursed in similar medical fields. No new or additional benefits would be added, but reimbursement is being sought for benefits that are currently provided by licensed pharmacists.

The pharmaceutical industry is moving toward a trend of total pharmaceutical care. This trend is through drug therapy, which requires the pharmacists to take a more involved and preventive role in helping patients. This new process includes: pharmacists educating the patient about drug and non-drug therapies, monitoring compliance of the patient with physician instructions for administration and dosages, monitoring the patient's drug levels, identifying physical drug interactions and side effects of the patient, and documenting the outcome.

Proponents suggest that this type of service could be very helpful to patients. Instead of having to schedule an appointment with a doctor, a patient may be able to "walk-in" and see a pharmacist for his or her medical concerns. However, pharmacists may not be able to treat all problems being sought by patients. But, drug-therapy treatments for chronic conditions such as asthma, high cholesterol, high blood pressure, diabetes, and heart disease could be sought through a pharmacist.

Proponents summarized, in written comments, the effects of patients benefiting from services provided by pharmacists. The Pharmacist Association suggested that patients who participated in programs that included pharmaceutical care services, "...had fewer complications due to the disease or the drugs used to treat it, fewer emergency room visits, fewer hospitalizations, higher quality of life, lower disability and premature death rates, and increased patient satisfaction with the treatment regimen and health care plan."

Opponents of House Bill 1050 cited specific safety problems with the bill. VAHP was concerned with the education and formal training needed to perform medical services. It asserted that the formal training and education that pharmacists receive from pharmacy school may not be sufficient to perform some of the medical services for which pharmacists would be reimbursed under this bill. VAHP stated that the actual services to be reimbursed would be unknown and unclear because there is no clear way to know which pharmacists have had advanced training to administer certain medical services. VAHP also cited an uncertainty about the types of services provided by pharmacists that would qualify for direct reimbursement under this bill.

SIMILAR LEGISLATION IN OTHER STATES

Staff surveyed other insurance departments and received information available from the National Association of Insurance Commissioners and the National Insurance Law Service to determine if requirements similar to House Bill 1050 are imposed in other states. Only one state, California, currently has provisions relating to reimbursement for services provided by a pharmacist. California Health and Safety Code § 1368.5 reads:

Every health care service plan that offers coverage for a service that is within the scope of practice of a duly licensed pharmacist may pay or reimburse the cost of the service performed by a pharmacist for the plan if the pharmacist otherwise provides services for the plan.

REVIEW CRITERIA

SOCIAL IMPACT

- a. *The extent to which the treatment or service is generally utilized by a significant portion of the population.*

In the United States, 46% of the total population uses prescription medications, most of whom pose several questions about the medications to their pharmacist. Thirty-seven percent of consumers always ask about interactions with their prescription medications, and about the best over-the-counter products. Twenty-nine percent always ask if there are any possible side effects with the medication. (American Pharmaceutical Association)

Proponents argued that consumers are already obtaining certain medical services such as blood pressure and cholesterol screenings, flu shots, and diabetes management from their pharmacists. Some proponents raised concerns that these services are paid for out-of-pocket by consumers because insurers do not recognize pharmacists as providers, nor do they reimburse them for their services. One of the executives with a local grocery store chain commented that many of the grocery chain's customers use its pharmacist services on a monthly basis.

- b. *The extent to which insurance coverage for the treatment or service is already available.*

The State Corporation Commission's Bureau of Insurance surveyed sixty of the top writers of accident and sickness insurance in Virginia in March 2000, regarding the bills to be reviewed by the Advisory Commission this year. Fifty companies responded by the deadline. Twenty-four companies indicated that they have little to no applicable health insurance business in force in Virginia. Of

the remaining 26 companies, 6 companies reported that they provide the coverage required by House Bill 1050. Eighteen companies indicated they did not provide the coverage that would be required by House Bill 1050. Two companies replied that they currently provide the coverage required by House Bill 1050 under group contracts, but not under individual contracts.

- c. *If coverage is not generally available, the extent to which the lack of coverage results in persons being unable to obtain necessary health care treatments.*

No new procedures or services are being mandated in House Bill 1050. All of the treatments which would be mandated are already being provided by physicians. Proponents explain that increasing the ability of pharmacists to treat patients for some of their medical needs would improve accessibility. They argue that many times pharmacies and pharmacists work longer or later hours than physicians, including hours after the normal workday. Therefore, consumers could seek pharmacists in evening hours to obtain services.

- d. *If the coverage is not generally available, the extent to which the lack of coverage results in unreasonable financial hardship on those persons needing treatment.*

Coverage is generally available. Coverage is available for the medical services by visiting a physician or other licensed provider eligible for reimbursement. Proponents argued, however, that not all consumers can reach a physician during regular business hours and that House Bill 1050 would allow those consumers to visit a pharmacist after regular business hours to obtain services.

- e. *The level of public demand for the treatment or service.*

The State Corporation Commission's Bureau of Insurance survey asked the top 60 writers of accident and sickness insurance in Virginia several questions pertaining to the proposed coverage of House Bill 1050. The survey asked each respondent how many people from the Commonwealth were covered by coverage similar to that required by House Bill 1050. Of the eight respondents who answered that they currently provide some type of similar coverage, the total sum of Virginians covered was 122,704, with one company reporting an unknown number.

The number of people seeking a pharmacist for additional services is not known. However, proponents argued that the demand for services from pharmacists would increase dramatically if pharmacists were added to the list of practitioners available for reimbursement for services. Proponents also argued that demand would increase if more people knew of the medical benefits they can obtain from a pharmacist.

- f. *The level of public demand and the level of demand from providers for individual and group insurance coverage of the treatment or service.*

The Virginia Pharmacists Association suggested that the level of demand for pharmacists is high. The VPA argued that pharmacists provide counseling, diabetes management, flu vaccines, blood pressure screenings, and cholesterol screenings for which they are not reimbursed by insurers. Those pharmacists that are paid are generally paid by consumers out-of-pocket. The VPA explained that pharmacists are licensed to provide such services, however they are not reimbursed by insurers because they are not included in the list of practitioners mandated for direct reimbursement of services. They argued that pharmacists are certified, and they deliver the same services as other providers, such as physicians, yet they are not reimbursed by insurers.

- g. *The level of interest of collective bargaining organizations in negotiating privately for inclusion of this coverage in group contracts.*

No information was received from collective bargaining organizations addressing potential interest in negotiating privately for inclusion of this coverage in group contracts.

- h. *Any relevant findings of the state health planning agency or the appropriate health system agency relating to the social impact of the mandated benefit.*

No information or relevant findings of the state health planning agency or the appropriate health system agency relating to the social impact of this mandated benefit was presented during this review.

FINANCIAL IMPACT

- a. *The extent to which the proposed insurance coverage would increase or decrease the cost of treatment or service over the next five years.*

Proponents of the bill argued that House Bill 1050 is a cost saving benefit. They cited results from the Asheville Project. The Asheville Project was a community-based project demonstrating the effects of a knowledgeable pharmacist who spent time, educated, assessed patient knowledge, and monitored compliance, etc, for patients requiring chronic medications. The first year of the Asheville Project demonstrated that the total costs of inpatient and outpatient services were reduced by \$20,246.

Proponents also cited cost savings in services for the disease states of asthma, high blood pressure, diabetes, and high cholesterol, written in a 1997 edition of Clinical Therapeutics. During a study referenced in Clinical

Therapeutics, pharmacists provided patient education, monitoring, feedback, and communication with the patients' physicians. Through these services, medical cost savings were estimated at \$144 to \$293 per member per month.

Opponents acknowledged the cost-savings nature of projects such as the Asheville project. However, they stated that they believe the same cost savings would not be achieved outside of a small community setting. They further stated that they believe duplication of services may occur, which would raise the costs of services.

b. *The extent to which the proposed insurance coverage might increase the appropriate or inappropriate use of the treatment or service.*

Opponents argued that the enactment of House Bill 1050 may increase the inappropriate use of treatment. They pointed to the fact that many pharmacy services may be provided in a retail store setting, and that such a setting does not provide the privacy otherwise available through consultation with a physician.

c. *The extent to which the mandated treatment or service might serve as an alternative for more expensive or less expensive treatment or service.*

Proponents of House Bill 1050 argued that it provides a cost saving as well as a life saving benefit. They cited financial benefits documented by a study titled "Comparison of an Anticoagulation Clinic with Usual Medical Care." (Anticoagulation Control, Patient Outcomes, and Health Care Costs.), published in the Archives of Internal Medicine, 1998. The study compared patients who were treated with the usual medical care to those treated in a pharmacist-managed anticoagulation clinic. The study results indicated that "patients treated in the clinic had better anticoagulation control, fewer bleeding and clotting complications, fewer emergency room visits, and death related to treatment was eliminated." Using the anticoagulation clinic, "...health care costs were dramatically reduced by more than \$1,600 per patient."

Proponents also cited another study involving diabetic patients, which found that financial savings were achieved through drug therapy and through changes made as a result of pharmacists' recommendations. Initially, 65% of the patients studied were found to have had problems with drug regimens or their implementation. Through drug therapy and changes made by pharmacists' recommendations, however, reductions were made in "...unscheduled hospital visits, emergency room visits and hospital days, saving more than \$640 per patient per year, and \$280,000 per pharmacists."

d. *The extent to which the insurance coverage may affect the number and types of providers of the mandated treatment or service over the next five years.*

House Bill 1050 is not expected to increase significantly the number of pharmacists in the Commonwealth of Virginia. The Virginia Department of Health Professions reports that there are 7,629 licensed pharmacists in the Commonwealth of Virginia. These 7,629 would be eligible for reimbursement by insurers.

- e. *The extent to which insurance coverage might be expected to increase or decrease the administrative expenses of insurance companies and the premium and administrative expenses of policyholders.*

Respondents to the Bureau of Insurance survey provided cost figures of between \$.11 and \$.50 per month per standard individual policy and between \$.11 and \$1.87 per month per standard group certificate to provide the coverage required by House Bill 1050. Insurers providing coverage on an optional basis provided cost figures from \$.11 to \$1.49 per month per standard individual policy, and between \$.11 to \$2.23 per month per standard group certificate. The survey requested information about the average amount of a claim payment paid by an insurer who offered coverage similar to House Bill 1050. Two companies responded that the average claim payment was \$90.

Insurers explained that their contractual relationship lies with pharmacies, not the pharmacists. If House Bill 1050 were to become law, insurers would have to create new networks of pharmacists. Insurers would also have to credential those pharmacists to verify what services they are qualified to provide. These requirements may increase administrative expenses because of the work required to create the new networks.

- f. *The impact of coverage on the total cost of health care.*

Proponents of the bill argued that House Bill 1050 is a cost saving as well as a life saving benefit. They pointed out financial benefits documented by a study titled "Comparison of an Anticoagulation Clinic with Usual Medical Care." (Anticoagulation Control, Patient Outcomes, and Health Care Costs.), published in the Archives of Internal Medicine, 1998. The study compared patients who were treated with the usual medical care to those treated in a pharmacist-managed anticoagulation clinic. The study results indicated that "patients treated in the clinic had better anticoagulation control, fewer bleeding and clotting complications, fewer emergency room visits, and death related to treatment was eliminated." Using the anticoagulation clinic, "...health care costs were dramatically reduced by more than \$1,600 per patient."

Opponents raised several questions and concerns about the impact that House Bill 1050 would have on the total cost of healthcare. VAHP questioned how the cost of services would be determined, given the difficulty in determining whether costs for services provided by a pharmacist would be comparable to the costs of similar services provided by a physician. Also, VAHP questioned how

and to whom payments would be made when pharmacists and physicians are practicing under a collaborative practice agreement involving capitation for the physicians as well.

MEDICAL EFFICACY

- a. *The contribution of the benefit to the quality of patient care and the health status of the population, including the results of any research demonstrating the medical efficacy of the treatment or service compared to alternatives or not providing the treatment or service.*

House Bill 1050 would not require another service under mandated benefits, such as coverage for certain illnesses. However, House Bill 1050 would add licensed pharmacists to the list of providers required to be directly reimbursed in similar medical fields. No new or additional benefits would be added, but reimbursement is being sought for benefits that are currently provided by licensed pharmacists.

The pharmaceutical industry is moving toward a trend of total pharmaceutical care. This trend, provided through drug therapy, requires the pharmacists to take a more involved and preventive role in helping patients. This new process includes pharmacists educating the patient about drug and non-drug therapies, monitoring compliance of the patient with physician instructions for administration and dosages, monitoring the patient's drug levels, identifying physical drug interactions and side effects of the patient, and documenting the outcome.

Opponents of House Bill 1050 cited specific safety problems with the bill. VAHP was concerned with the education and formal training needed to perform medical services and whether the training currently provided in pharmacy schools is sufficient to perform some of the medical services for which pharmacists would be reimbursed under this bill. Without any clear way to verify which pharmacists have had advanced training and education to administer certain medical services, there is uncertainty in identifying those pharmacists eligible for direct reimbursement.

- b. *If the legislation seeks to mandate coverage of an additional class of practitioners:*
 - 1) *The results of any professionally acceptable research demonstrating the medical results achieved by the additional class of practitioners relative to those already covered.*

Proponents summarized, in written comments, the effects of patients benefiting from services provided by pharmacists. The Pharmacist Association suggested that patients who participated in programs that included

pharmaceutical care services, "...had fewer complications due to the disease or the drugs used to treat it, fewer emergency room visits, fewer hospitalizations, higher quality of life, lower disability and premature death rates, and increased patient satisfaction with the treatment regimen and health care plan."

Opponents expressed that they are wary about pharmacists delivering medical services, and that they have a concern about the education and formal training needed to perform medical services. They asserted that the formal training and education that some pharmacists receive from pharmacy school may not be enough to perform some of the medical services for which pharmacists would be reimbursed.

- 2) *The methods of the appropriate professional organization that assure clinical proficiency.*

The Virginia Department of Health Profession's Board of Pharmacy promulgates the regulations for pharmacists. The Board of Pharmacy sets licensing requirements, including educational and examination standards.

The Virginia Code § 54.1-3300.1 sets the regulations for physicians and pharmacists who enter into a collaborative practice agreement. The Code defines a collaborative practice agreement as:

a voluntary, written arrangement between one pharmacist and his designated alternate pharmacists involved directly in patient care at a location where patients receive services and a practitioner of medicine, osteopathy, or podiatry and his designated alternate practitioners involved directly in patient care which authorizes cooperative procedures with respect to patients of such practitioners. Collaborative procedures shall be related to treatment using drug therapy, laboratory tests or medical devices, under defined conditions or limitations, for the purpose of improving patient outcomes. A collaborative agreement is not required for the management of patients of an inpatient facility.

EFFECTS OF BALANCING THE SOCIAL, FINANCIAL AND MEDICAL EFFICACY CONSIDERATIONS

- a. *The extent to which the benefit addresses a medical or a broader social need and whether it is consistent with the role of health insurance.*

Proponents argued that House Bill 1050 will address a broad social and medical need and at the same time effect cost savings. They suggested that mandating the reimbursement of services by pharmacists will result in more choice and availability to consumers seeking certain medical services. They

argued that pharmacists are normally available longer hours during the day and consumers can visit pharmacists in the evening hours after the normal workday. They also argued that pharmacists are often local and closer than patients' physicians. They explained that pharmacists can administer certain medical procedures that can be obtained through a physician.

Opponents did not disagree that pharmacists can provide certain medical services, such as immunizations, asthma treatments, and blood pressure management, but they had concerns about the far-reaching depths of the bill. They questioned how many medical services will be provided and what limitations are placed upon the pharmacists upon performing procedures. They also cited privacy as an issue when seeing a pharmacist. They questioned where medical procedures will take place since most pharmacists work in an open environment of a pharmacy.

b. The extent to which the need for coverage outweighs the costs of mandating the benefit for all policyholders.

Respondents to the Bureau of Insurance survey provided cost figures of between \$.11 and \$.50 per month per standard individual policy and between \$.11 and \$1.87 per month per standard group certificate, to provide the coverage required by House Bill 1050. Insurers providing coverage on an optional basis provided cost figures from \$.11 to \$1.49 per month per standard individual policy, and between \$.11 to \$2.23 per month per standard group certificate. The survey requested information about the average amount of a claim payment paid by an insurer who offered coverage similar to House Bill 1050. Two companies each responded that \$90 was an average claim payment.

Proponents of the bill argued that House Bill 1050 is a cost saving as well as a life saving benefit. Financial benefits were cited in accordance with a study entitled "Comparison of an anticoagulation clinic with usual medical care. Anticoagulation control, patient outcomes, and health care costs.", published in the Archives of Internal Medicine, 1998. The study compared patients who were treated with the usual medical care to those treated in a pharmacist-managed anticoagulation clinic. The study results indicated that "patients treated in the clinic had better anticoagulation control, fewer bleeding and clotting complications, fewer emergency room visits, and death related to treatment was eliminated." Using the anticoagulation clinic, "...health care costs were dramatically reduced by more than \$1,600 per patient."

Opponents raised several questions and concerns about the impact that House Bill 1050 would have on the total cost of healthcare. VAHP expressed concerns about how the cost of services would be determined. VAHP does not know whether the costs of services would be the same as seeking services from a physician. The VAHP is not clear whether payment would be made to a pharmacist practicing under a collaborative practice agreement. Or VAHP

wonders if this fee would be deducted from what the physician would receive as payment. The VAHP also questioned who would receive payments when physicians and pharmacists entered into collaborative practice agreements, and the physicians were under a capitation program.

- c. *The extent to which the need for coverage may be solved by mandating the availability of the coverage as an option for policyholders.*

In the case of group coverage, the decision whether to select the optional coverage or not would lie with the master contract holder and not the individual insureds.

RECOMMENDATION

The Advisory Commission voted 4 to 3 with one abstention to recommend against the enactment of House Bill 1050 on December 14, 2000.

CONCLUSION

House Bill 1050 would add licensed pharmacists to the providers mandated to receive direct reimbursement for services. The bill would require insurers to reimburse pharmacists for services that they provide that are within their scope of practice. The Advisory Commission believes that the intent of House Bill 1050 would expand choice in providers for medical services. However, there were some areas of uncertainty with the bill. The Advisory Commission believes that the process of credentialing a pharmacist is not clear. There is a concern about the possibility of pharmacists handling medical services without the proper training and education because the provisions of the bill may not satisfy safety and treatment requirements for patients.

The Advisory Commission also debated the issue of identifying certain services for which pharmacists would be directly reimbursed or keeping the amended bill language that ties reimbursement to a disease-state protocol that is clinically accepted as the standard of care. The Advisory Commission believes that if services are listed, then the law would have to be constantly updated to reflect changes in the medical field. If the services are not listed, however, then there remains uncertainty about adequate training to provide a broad range of services. On this basis, the Advisory Commission did not favorably recommend House Bill 1050.

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HOUSE BILL NO. 1050

Offered January 24, 2000

A *BILL to amend and reenact §§ 38.2-3408 and 38.2-4221 of the Code of Virginia, relating to accident and sickness insurance; coverage for services of pharmacists.*

Patrons—Cantor, Hall, Jones, S.C. and Morgan; Senator: Stosch

Referred to Committee on Corporations, Insurance and Banking

10 **Be it enacted by the General Assembly of Virginia:**

11 **1. That §§ 38.2-3408 and 38.2-4221 of the Code of Virginia are amended and reenacted as**
12 **follows:**

13 § 38.2-3408. Policy providing for reimbursement for services that may be performed by certain
14 practitioners other than physicians.

15 A. If an accident and sickness insurance policy provides reimbursement for any service that may
16 be legally performed by a person licensed in this Commonwealth as a chiropractor, optometrist,
17 optician, professional counselor, psychologist, clinical social worker, podiatrist, physical therapist,
18 chiropodist, clinical nurse specialist who renders mental health services, audiologist, speech
19 pathologist, certified nurse midwife, or licensed acupuncturist, *or pharmacists*, reimbursement under
20 the policy shall not be denied because the service is rendered by the licensed practitioner.

21 B. This section shall not apply to Medicaid, or any state fund.

22 § 38.2-4221. Services of certain practitioners other than physicians to be covered.

23 A nonstock corporation shall not fail or refuse, either directly or indirectly, to allow or to pay to a
24 subscriber for all or any part of the health services rendered by any doctor of podiatry, doctor of
25 chiropody, optometrist, optician, chiropractor, professional counselor, psychologist, physical therapist,
26 clinical social worker, clinical nurse specialist who renders mental health services, audiologist, speech
27 pathologist, certified nurse midwife, or licensed acupuncturist, *or pharmacist* licensed to practice in
28 Virginia, if the services rendered (i) are services provided for by the subscription contract and (ii) are
29 services which the doctor of podiatry, doctor of chiropody, optometrist, optician, chiropractor,
30 professional counselor, psychologist, physical therapist, clinical social worker, clinical nurse specialist
31 who renders mental health services, audiologist, speech pathologist, certified nurse midwife, or
32 licensed acupuncturist, *or pharmacist* is licensed to render in this Commonwealth.

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Official Use By Clerks			
Passed By		Passed By The Senate	
The House of Delegates			
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Clerk of the House of Delegates		Clerk of the Senate	

Appendix B

A BILL to amend and reenact §§ 38.2-3408 and 38.2-4221 of the Code of Virginia, relating to accident and sickness insurance; coverage for services of pharmacists.

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-3408 and 38.2-4221 of the Code of Virginia are amended and reenacted as follows:

§ 38.2-3408. Policy providing for reimbursement for services that may be performed by certain practitioners other than physicians.

A. If an accident and sickness insurance policy provides reimbursement for any service that may be legally performed by a person licensed in this Commonwealth as a chiropractor, optometrist, optician, professional counselor, psychologist, clinical social worker, podiatrist, physical therapist, chiropodist, clinical nurse specialist who renders mental health services, audiologist, speech pathologist, certified nurse midwife, ~~or~~-licensed acupuncturist, reimbursement under the policy shall not be denied because the service is rendered by the licensed practitioner.

B. If an accident and sickness insurance policy provides reimbursement for any service that may be legally performed by a licensed pharmacist, including the administration of vaccines or acting under the terms of a collaborative practice agreement with a physician, reimbursement shall not be denied because the service is rendered by the licensed pharmacist. Reimbursement to pharmacists with a collaborative practice agreement under this subsection may be limited, however, to treatment for which there is a disease-state treatment protocol which is clinically-accepted as the standard of standard of care or which has been approved by the Informal Conference Committee of the Board of Medicine and the Board of Pharmacy pursuant to regulations promulgated by the Boards, and shall not be subject to the provisions of § 38.2-4209.1 or § 38.2-4312.1.

C. This section shall not apply to Medicaid, or any state fund.

§ 38.2-4221. Services of certain practitioners other than physicians to be covered.

A. A nonstock corporation shall not fail or refuse, either directly or indirectly, to allow or to pay to a subscriber for all or any part of the health services rendered by any doctor of podiatry, doctor of chiropody, optometrist, optician, chiropractor, professional counselor, psychologist, physical therapist, clinical social worker, clinical nurse specialist who renders mental health services, audiologist, speech pathologist, certified nurse midwife, ~~or~~-licensed acupuncturist, *or pharmacist* licensed to practice in Virginia, if the services rendered (i) are services provided for by the subscription contract and (ii) are services which the doctor of podiatry, doctor of chiropody, optometrist, optician, chiropractor, professional counselor, psychologist, physical therapist, clinical social worker, clinical nurse specialist who renders mental health services, audiologist, speech pathologist, certified nurse midwife, ~~or~~-licensed acupuncturist, *or pharmacist* is licensed to render in this Commonwealth.

Appendix B

B. If an accident and sickness insurance policy provides reimbursement for any service that may be legally performed by a licensed pharmacist, including the administration of vaccines or acting under the terms of a collaborative practice agreement with a physician, reimbursement shall not be denied because the service is rendered by the licensed pharmacist. Reimbursement to pharmacists with a collaborative practice agreement under this subsection may be limited, however, to treatment for which there is a disease-state treatment protocol which is clinically-accepted as the standard of standard of care or which has been approved by the Informal Conference Committee of the Board of Medicine and the Board of Pharmacy pursuant to regulations promulgated by the Boards, and shall not be subject to the provisions of § 38.2-4209.1 or § 38.2-4312.1.

