Pharmacy Benefits and Identification Cards

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The Texas State Legislature recently enacted a new bill that amended several parts of the Texas Insurance Code regarding pharmacy benefits and pharmacy identification cards. While self-insured plans may have preemption protection from these rules, these new rules will affect insurers and insured plans.

A new section (Section 19A) was added to the Texas Insurance Code. This section provides that administrators for plans that provide pharmacy benefits must issue an identification card to each individual covered by the plan. These identification cards must include the following six items:

- The name or logo of the entity administering the pharmacy benefits
- The international identification number assigned by the American National Institute for the entity administering the pharmacy benefits
- The group number applicable for the individual
- The effective date of the coverage evidenced by the card
- A telephone number to be used to contact an appropriate person to obtain information relating to the pharmacy benefits provided under the coverage
- Copayment information for generic and brand-name prescription drugs.

The identification card must be issued no later than the 30th day after the administrator receives notice that the individual is eligible for benefits under the plan.

The Texas Insurance Code's definition of "Administrator" was expanded to include persons who collect premiums or contributions, or adjust or settle claims for pharmacy benefits. The statute also lists 18 individuals or entities who will not be considered Administrators. "Pharmacy benefit manager" was added to the list of definitions and was defined as a person, other than a pharmacy or pharmacist, who acts as an Administrator in connection with pharmacy benefits.

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New section (Section 19B) was also added to the Texas Insurance Code which provides that the pharmacy benefit manager may not sell the identities of patients. Furthermore, all identifying information regarding patients must be kept confidential unless disclosure is authorized by law or by the patient. This section does not prohibit general advertising about a specific pharmaceutical product or services; a person from requesting and receiving information regarding a specific pharmaceutical product or services; or a person from requesting and receiving information regarding the person's own records of claims or information regarding the person's dependent's records or claims.

Article 21.53L was amended to provide that a health benefit plan, as defined in the statute, which provides pharmacy benefits, must provide individuals covered by the Plan with an identification card that includes the following:

- The name or logo of the entity that is administering the pharmacy benefits, if different from the health benefit plan;
- The group number applicable to the individual;
- The effective date of the coverage evidenced by the card;
- A telephone number to be used to contact an appropriate person to obtain information relating to the pharmacy benefits provided under the coverage; and
- Copayment information for generic and brand-name prescription drugs.

A health benefit plan that administers its own pharmacy benefits is not required to issue an identification card separate from the health benefit plan identification card if the identification card issued by the health benefit plan contains the same elements as outlined above.

An Administrator is not required to issue a new identification card, if the identification card held by the individual on January 1, 2000 contains elements 2 through 5 of Section 19A (above). A new card including all the required elements of Section 19A must be issued when the individual's coverage is modified. A health benefit plan is not required to issue a new identification card if the identification card held by the individual on January 1, 2000 contains elements 2 through 5 of Article 21.531. A new card including all required elements of Article 21.53L must be issued when the individual's coverage is modified.