

SENATE BILL REPORT

SB 5066

As Passed Senate, February 28, 2023

Title: An act relating to clarifying that health care benefit managers must file contracts with health carriers with the office of the insurance commissioner.

Brief Description: Concerning health care benefit managers.

Sponsors: Senators Short, Rolfes, Cleveland and Conway.

Brief History:

Committee Activity: Health & Long Term Care: 2/03/23, 2/10/23 [DP].

Floor Activity: Passed Senate: 2/28/23, 48-0.

Brief Summary of Bill

- Requires health care benefit managers to file all benefit management contracts and contract amendments between the benefit manager and a health carrier with the Office of the Insurance Commissioner.

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Majority Report: Do pass.

Signed by Senators Cleveland, Chair; Robinson, Vice Chair; Muzzall, Assistant Ranking Member; Conway, Dhingra, Randall and Van De Wege.

Staff: Greg Attanasio (786-7410)

Background: All health care benefit managers (HCBMs), including pharmacy benefit managers (PBMs), must be registered by the Office of the Insurance Commissioner (OIC). Applications for registration must include the identity of the HCBM and the individuals and entities with a controlling interest in the HCBM, and whether the HCBM does business as a PBM or a different type of benefit manager, in addition to other required information.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Registered HCBMs must pay licensing and renewal fees. The fees must be set at an amount that ensures the registration, renewal, and oversight activities of the OIC are self-supporting.

Prior to approving an application, the OIC must find that the HCBM has not committed any act that resulted in the denial, suspension, or revocation of a registration, has the capacity to comply with state and federal laws, and has designated a person responsible for such compliance.

A HCBM may not provide services to a health carrier or an employee benefits program without a written agreement describing the rights and responsibilities of the parties. The HCBM must file with the OIC every benefit management contract and contract amendment between the HCBM and a provider, pharmacy, pharmacy services administration organization, or other HCBM.

Summary of Bill: A HCBM must file with the OIC every benefit management contract and contract amendment between the HCBM and a health carrier.

Contracts and contract amendments between HCBMs and health carriers that were executed prior to the effective date of this act and remain in force, must be filed with the OIC no later than 60 days following the effective date of this act.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: PRO: The submission of these contracts will give OIC the total picture of the relationship between PBMs and carriers. There are some inconsistencies between contracts and OIC needs to be able to identify those.

OTHER: PBMs are willing to file the contracts, but understood that carriers would be responsible for that based on the original bill.

Persons Testifying: PRO: Senator Shelly Short, Prime Sponsor; Jane Beyer, Office of the Insurance Commissioner; Lori Grassi, WA State Chiropractic Association.

OTHER: LuGina Mendez Harper, Prime Therapeutics.

Persons Signed In To Testify But Not Testifying: No one.