



REPRESENTATIVE CATHY MUÑOZ

## MEMORANDUM

To: Rep. Kurt Olson, Chairman  
House Labor and Commerce Committee

From: Christopher Clark, Aide  
Rep. Cathy Muñoz

Date: February 14, 2012

Re: Sectional analysis of HB 259, relating to pharmacy audits

---

Kindly note that a sectional analysis of a bill or resolution should not be considered an authoritative interpretation of the measure itself. The legislation is the best statement of its contents.

**Section 1.** States the intent of the bill is to set standards for auditing pharmacy records.

**Section 2.** Amends Chapter 08.80, Pharmacists and Pharmacies, by adding a new section, 08.80.477, that sets out requirements for auditing pharmacy records by an insurer, a managed care company, a third-party payor, a pharmacy benefits manager, a health plan administered by the state, or an entity that represents such companies.

Some of those procedures cover:

- Notice requirements for audits;
- Scheduling of audits;
- Retrospective limitations;
- Auditor qualifications;
- Audit standards;
- Errors;
- Access to previous reports;
- Limits on providing audit reports;
- Prohibitions against extrapolation and projections;
- Requiring findings of actual overpayment;
- Exclusion of dispensing fees;
- Time limits relating to reports;
- Documentation;
- Appeals;
- Regulating auditor compensation;
- Limiting accrual of interest;
- Excluding applicability to criminal investigations or investigations by a governmental agency.

**Section 3.** Applies the bill to audits that occur after the immediate effective date set in Section 4.

**Section 4.** Provides for an immediate effective date.