



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.