

1999 DRAFTING REQUEST

Bill

Received: 04/09/1999

Received By: kunkemd

Wanted: As time permits

Identical to LRB:

For: Shirley Krug (608) 266-5813

By/Representing: Mark Bliven

This file may be shown to any legislator: NO

Drafter: kunkemd

May Contact:

Alt. Drafters:

Subject: Occupational Reg. - misc  
Health - miscellaneous

Extra Copies: DAK

Pre Topic:

No specific pre topic given

Topic:

Extension of prescriptions into January 2000

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	kunkemd 04/26/1999	chanaman 04/26/1999	hhagen 04/26/1999	_____	lrb_docadmin 04/26/1999		
	kunkemd 05/13/1999	chanaman 05/14/1999		_____			
/2			martykr 05/18/1999	_____	lrb_docadmin 05/18/1999	lrb_docadmin 07/28/1999	

FE Sent For:

<END>

Not Needed

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*5/17*  
 <END>

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1/?	kunkemd	cmr /1 4/24	cmr 4/24	cmr JF 4/24			

FE Sent For:

<END>

# Interoffice Memo

**Date:** 3/30/99  
**To:** Tina A. Yacker  
**From:** Mark Bliven, Office of Rep. Shirley Krug      264-8469 Room 201W  
**RE:** Minimum Prescription or Refill Supplies

The intent of this bill would be to require, upon the request of the patient, that prescriptions which run out in January 2000 could be extended to January 31 if determined that:

1. The patient's condition for which the medication is prescribed as treatment is chronic or the medication is likely to be appropriate as treatment for the patient's condition at least until January 31, 2000;
2. The interruption of the supply of the medication before January 31, 2000, may cause substantial physical or mental discomfort or undesirable health consequences for the patient; and
3. The physician does not employ this provision more than once for the same medication for the patient. (?)

This would apply to any prescription running out in January regardless of when it was previously filled; for example, a two month supply on November 10, at the request of the patient, shall be filled to at least January 31 if the above three conditions are met. The idea is that no critical prescriptions should run out during January in the event that Y2K problems arise in computer prescription records.

*- schedule 1 ?  
 - insurance ?*



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# Georgia House of Representatives

## HB 271 - Physicians; certain time period; minimum prescription quantity

Grindley, Jr., George H (35th) Graves, David B (125th) Childers, E. (Buddy) M (13th)  
Irvin, Robert A (45th)

Status Summary HC: H&E SC: H&HS FR: 01/27/99 LA: 02/17/99 S - Read 1st Time (FS)

### First Reader Summary

A BILL to amend Article 1 of Chapter 34 of Title 43 of the Official Code of Georgia Annotated, relating to general provisions relative to physicians, physicians' assistants, and respiratory care, so as to provide for minimum prescription or refill supplies of certain medications during a certain period; and for other purposes.

Page Numbers: [1](#) [2](#) [3](#) [4](#)

Code Sections - [43-34-1](#)/ [43-34-1](#)/ [33-24-59.4](#)

House	Action	Senate
1/27/99	Read 1st Time	2/17/99
1/28/99	Read 2nd Time	
2/11/99	Favorably Reported	
Sub	Committee Amend/Sub	
2/16/99	Read 3rd Time	
2/16/99	Passed/Adopted	
FS	Comm/Floor Amend/Sub	
Version by LC Number		
<a href="#">LC 25 1191</a>	<a href="#">As Introduced</a>	
<a href="#">LC 25 1293S</a>	<a href="#">H - Favorably Reported (Sub)</a>	
<a href="#">LC 9 9963S</a>	<a href="#">H - Passed/Adopted (FS)</a>	

HB 271

LC 9 9963S

A BILL TO BE ENTITLED  
AN ACT


- 1- 1 To amend Article 1 of Chapter 34 of Title 43 of the Official
- 1- 2 Code of Georgia Annotated, relating to general provisions
- 1- 3 relative to physicians, physicians' assistants, and
- 1- 4 respiratory care, so as to provide for minimum prescription
- 1- 5 or refill supplies of certain medications during a certain
- 1- 6 period; to provide for certain punishments; to amend Article
- 1- 7 1 of Chapter 24 of Title 33 of the Official Code of Georgia
- 1- 8 Annotated, relating to insurance generally, so as to require
- 1- 9 certain health benefit plans to extend coverage to such

1-10 prescribed medications; to provide for civil immunity  
 1-11 against certain claims; to repeal conflicting laws; and for  
 1-12 other purposes.

1-13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:


1-14 SECTION 1.

1-15 Article 1 of Chapter 34 of Title 43 of the Official Code of  
 1-16 Georgia Annotated, relating to general provisions relative  
 1-17 to physicians, physicians' assistants, and respiratory care,  
 1-18 is amended by striking Code Section 43-34-1, reserved, which  
 1-19 reads as follows:

1-20 "43-34-1. 

1-21 Reserved.",

1-22 and inserting in lieu thereof the following:

1-23 "43-34-1. 

1-24 (a) For purposes of this Code section, the term  
 1-25 'medication' shall include without limitation insulin.

1-26 (b) A physician otherwise lawfully prescribing or  
 1-27 authorizing a refill of a prescription for any medication  
 1-28 other than a controlled substance at any time during  
 1-29 normal business hours ~~during the period beginning December~~  
 1-30 ~~1, 1999, and ending December 31, 1999,~~ shall upon request  
 1-31 of the patient make such prescription or refill  
 1-32 authorization for such a supply of the medication as will

-1- 

2- 1 be sufficient to continue the treatment at least until  
 2- 2 March 31, 2000, provided that:

2- 3 (1) The patient's condition for which the medication is  
 2- 4 prescribed as treatment is chronic or the medication is  
 2- 5 likely to be appropriate as treatment for the patient's  
 2- 6 condition at least until ~~March~~ <sup>Jan</sup> 31, 2000;

2- 7 (2) The interruption of the supply of the medication  
 2- 8 before ~~March~~ <sup>Jan</sup> 31, 2000, may cause substantial physical or  
 2- 9 mental discomfort or undesirable health consequences for  
 2-10 the patient; and


2-11 (3) The physician does not employ this provision more  
 2-12 than once for the same medication for the patient.

2-13 (c) Nothing in this Code section shall be construed to  
 2-14 restrict any authority of a physician's assistant existing  
 2-15 under other provisions of law."

2-16 SECTION 2.

2-17 Article 1 of Chapter 24 of Title 33 of the Official Code of  
 2-18 Georgia Annotated, relating to insurance generally, is  
 2-19 amended by adding a new code Section 33-24-59.4 to read as

2-20 follows:

2-21 "33-24-59.4. 

2-22 (a) For purposes of this Code section, the term  
2-23 'medication' shall include without limitation insulin.

2-24 (b) Any coverage for prescription medication provided  
2-25 under any individual or group plan, policy, or contract  
2-26 for health care services issued, delivered, issued for  
2-27 delivery, or renewed in this state before, on, or after  
2-28 July 1, 1999, by a health care corporation, health  
2-29 maintenance organization, accident and sickness insurer,  
2-30 fraternal benefit society, nonprofit hospital service  
2-31 corporation, nonprofit medical service corporation, or  
2-32 similar entity which would otherwise extend to medications  
2-33 prescribed under subsection (b) of Code Section 43-34-1  
2-34 but for a limitation on the number of days' supply of  
2-35 medication covered under such plan, policy, or contract,  
2-36 shall be deemed to extend to medications prescribed under  
2-37 subsection (b) of Code Section 43-34-1 notwithstanding the  
2-38 limitations of such plan, policy, or contract. If for  
2-39 purposes of applying any deductibles under such coverage a  
2-40 new plan year begins at any time during the period of  
2-41 December 1, 1999, through March 31, 2000, any amount of

-2- 

3- 1 supply of such prescribed medication which is for use  
3- 2 after such new plan year begins shall be applied toward  
3- 3 the deductible for such new plan year without regard to  
3- 4 the date the prescription was filled or refilled.

3- 5 (c) Any health care corporation, health maintenance  
3- 6 organization, accident and sickness insurer, fraternal  
3- 7 benefit society, nonprofit hospital service corporation,  
3- 8 nonprofit medical service corporation, or similar entity  
3- 9 which provides coverage for prescribed medications  
3-10 pursuant to subsection (b) of this Code section  
3-11 notwithstanding a limitation on the number of days' supply  
3-12 of medication covered under its plan, policy, or contract  
3-13 for health care services to all persons covered under such  
3-14 plan, policy, or contract shall not be liable in any civil  
3-15 action brought by any person covered under such plan,  
3-16 policy, or contract for loss or injury incurred at any  
3-17 time due to lack of availability of supply of such  
3-18 medications during the period beginning January 1, 2000,  
3-19 and ending ~~March~~ <sup>Jan</sup> 31, 2000.

3-20 (d) Any health care corporation, health maintenance  
3-21 organization, accident and sickness insurer, fraternal  
3-22 benefit society, nonprofit hospital service corporation,  
3-23 nonprofit medical service corporation, or similar entity  
3-24 shall be liable in damages to any person covered under  
3-25 such plan, policy, or contract if:

3-26 (1) The health care corporation, health maintenance  
3-27 organization, accident and sickness insurer, fraternal  
3-28 benefit society, nonprofit hospital service corporation,  
3-29 nonprofit medical service corporation, or similar entity



3-30 fails to provide coverage for a prescribed medication  
3-31 which otherwise would be covered under its plan, policy,  
3-32 or contract but which coverage is denied on the basis of  
3-33 limits imposed by such entity on the supply of  
3-34 medication prescribed or authorized for refilling;

3-35 (2) The medication was prescribed or authorized for  
3-36 refilling pursuant to subsection (b) of Code Section  
3-37 43-34-1; and

3-38 (3) The lack of availability of the medication due to  
3-39 denial of coverage at any time during the period  
3-40 beginning January 1, 2000, and ending March 31, 2000,  
3-41 proximately causes loss or injury to such person."

-3-

4- 1

SECTION 3.

4- 2 All laws and parts of laws in conflict with this Act are  
4- 3 repealed.



National Conference of State Legislatures

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 Health Care Program

## Year 2000 and Prescription Drugs: A matter of life or death?

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[Health Care Menu](#) | | A version of this material appears in the April, 1999 *State Legislatures* magazine.

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### Can states play a role in assuring access to drugs during the Y2K computer transition this December 31<sup>st</sup>?

What happens next January when a heart patient runs out of medicine, and finds her local doctor or pharmacy cannot access the prescription records? This life or death scenario has brought the "Year 2000" issue from joke to scary reality, especially for elders and those with serious medical problems.

For sound medical and cost-containment reasons, a high percentage of prescription drug payors will cover only one month's supply of drugs. For example, 31 state Medicaid programs have set 30-34 day limits on all prescriptions. Such limits on dispensing prescriptions have been a low-visibility issue for years. However, some experts are concerned that with over 70,000 licensed pharmacies \* in the United States, and a complex network of manufacturers and distributors, there could be serious problems next January 1. The stakes were heightened when a Red Cross brochure advised that consumers stock up on "an ample supply of prescription and nonprescription medications", just in case.



The first state to attempt a rescue is **Georgia**. Rep. George Grindley, Jr. filed a bill aimed at ensuring that no one misses a daily prescription dose. H.B. 271 would create a one-time requirement to enable patients to obtain prescriptions "sufficient to continue the treatment at least until March 31, 2000."

The bill would require health insurance coverage of crucial prescription medications "notwithstanding the limitations of such plan, policy or contract." The bill would not affect the cost of drugs; drugs purchased in December for use in January-March could count toward deductible requirements for year 2000. The law would have no impact on prescriptions after March 31, 2000.

The Georgia bill passed the House on February 16, but it did *not* pass the Senate. In **Connecticut** Senator George L. Gunther introduced a similar bill, SB 401. Some members of Congress also have begun to examine this issue.

However, opponents warn that proposed laws could have an unintended harmful ripple effect on drug supplies. Drug companies fear any substantial "run on drugs" or drug hoarding. "One reason we keep saying [stockpiling] is dangerous for the industry and patients is that we can't turn around on a dime", said Dr. Charles Popper of Merck & Co. in a Wall Street Journal interview. He notes that FDA regulations and factory capacity limits prevent speed-ups in drug production. If patients try to stockpile certain drugs at home, it could result in empty shelves and/or higher prices. In their scenario, computers may work fine, but excessive stockpiling will mean that drugs run out. Rep.

Grindley said he would reduce the 90-day requirement to resolve this problem.

For updated information, check the following web links:

State Legislative Action - 1999	Descriptions
<p><u>California AB 660</u> Sponsored by Assemblymember Tony Cardenas</p>	<p>Amended &amp; passed by Assembly (73Y-0N) 5/10/99 <i>"4052.5. Notwithstanding any other provision of law, during the period commencing November 1, 1999, and ending February 29, 2000: (a) A prescriber shall be deemed unavailable to authorize a refill if confronted with problems caused by computer failures arising from the inability of computers to properly handle dates (b) A pharmacist may refill a prescription, based upon a request made by the patient who is taking the medication, for up to and including 90 days from the date of the request."</i></p>
<p><u>Connecticut SB 401</u> Sponsored by Sen. George Gunther</p>	<p>Legislation reported favorably by Public Health Committee, 4/8/99; referred to Human Services, 5/19/99</p>
<p><u>Georgia H.B. 271 - full text</u></p>	<p>Legislation passed House; died in the Senate at the end of the session, 3/25/99</p>
<p><u>New York A7321 - full text</u> sponsored by Assemblymember Patricia Acampora</p>	<p>Sent to Health Committee; held for consideration 5/11/99 Provides that from 12/1/99 until 12/31/99, pharmacies may prescribe a three month supply of a prescription.</p>
Articles & Information	Sources
<p><u>"Drug Companies prepare for Y2K"</u></p>	<p>- Wall Street Journal story 2/6/99 © WSJ</p>
<p><u><a href="http://www.senate.gov/~y2k/documents/report/">http://www.senate.gov/~y2k/documents/report/</a></u></p>	<p>US Senate Report, released Feb 24, 1999 (click on <u>Healthcare</u> chapter - Acrobat format) - NEW</p>
<p><u>Food &amp; Drug Administration, FDA) Y2K</u></p>	<p>- Y2K advisory letter, 10/98</p>
<p><u>Y2K Today</u></p>	<p>- A web site devoted to "Year 2000 knowledge source" Includes a health care feature.</p>
<p><u>Rx2000 Solutions</u></p>	<p>A nonprofit Y2K information clearinghouse for medical organizations</p>

\* **Pharmacies & Pharmacists:** The New York Times (January 22, 1999) reports 118,000 pharmacies in the nation. PhRMA, The Pharmaceutical Research and Manufacturers Association, reports that there are 73,756 registered pharmacies as of 6/98, of which 21,446 are independent, 14,841 are chain pharmacies, and 8,620 are hospital-based. There are 331,000 licensed pharmacists in the United States as of 6/30/98 according to the National Association of Boards of Pharmacy.

Compiled by Richard Cauchi, Policy Specialist, National Conference of State Legislatures, 1560 Broadway, Suite #700, Denver, Colorado 80202. Telephone: (303) 894-3154

Updated: 5/20/99

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Visit this web page again at: [www.ncsl.org/programs/health/y2kdrugs.htm](http://www.ncsl.org/programs/health/y2kdrugs.htm)



Visitor counts for this page.



U.S. Food and Drug Administration  
Center for Drug Evaluation and Research

## Year 2000 Letter from Dr. Janet Woodcock

October 14, 1998

ADDRESSES ATTACHED

Dear Sir or Madam,

The purpose of this letter is to request your assistance in relaying to your membership our concerns and expectations regarding the year 2000 (y2k) problem as it affects the pharmaceutical industry. Although much has been written about this subject, we believe its potential impact on pharmaceutical safety, efficacy and availability merits special attention.

### **Nature of the problem:**

When mainframe computers were in the majority and computer memory was at a premium, software frequently represented dates in formats (such as DDMMYY) that used only two digits to represent the year. Date related computations were calculated reliably using this format. For example, if a person was born in 1960 the software might calculate the individual's age by subtracting the last two digits of the birth year from the last two digits of the current year (c.g., 98-60=38). However, using this method when the current year is 2000 would yield a negative number (00-60=-60), with unpredictable consequences. Date sorting, too, can be erroneous. The years 1965, 1905 and 1966 would, for instance, correctly sort in ascending order as 05, 65 and 66, but adding 2015 to the series would incorrectly yield 05, 15, 65, and 66.

Some computer firmware may also have difficulty with y2k. Basic input and output systems (BIOSes) may, by ignoring the century indicating bit, not accurately read or set some older real-time clock chips. In addition, some firmware reportedly "wraps" back to 1994 from 1999.

### **Impact on pharmaceutical operations:**

The y2k matter can cause a variety of problems in how dates are expressed or computed that could adversely affect automated drug process controls and clinical and non-clinical data integrity. For example, in the context of current good manufacturing practice, erroneous date calculations may result in incorrect expiration dates, equipment maintenance/calibration schedules, and batch performance trend analyses; some computer operated or monitored manufacturing processes may also slip out of control. In the arena of non-clinical and clinical studies the y2k problem may, in the worst case scenario, generate flawed data. In the case of adverse drug experience reporting, the y2k problem could disrupt tracking of 15 day expedited reports and cause erroneous trend analysis. Moreover, time stamps applied to electronic records under the provisions of 21 Code of Federal Regulations Part 11, our electronic records and electronic signatures rule, need to express the year in an accurate and

unambiguous manner.

**Our expectations:**

Y2k is an issue that, if not addressed by your members, could adversely affect the safety and health of the American public. Of special concern are manufacturing processes, which if disrupted by y2k could result in severe shortages of needed pharmaceuticals. We expect the pharmaceutical industry to address the problem as a high priority, to thoroughly assess and test their computer systems and develop appropriate contingency plans, and to complete this task before January 1 of 2000.

At this time, we are not asking firms to make any formal submissions to us regarding their y2k efforts. This information should be available for FDA review, however.

It is important that suppliers to the pharmaceutical industry also have y2k compliant systems because a disruption in the flow of components, packaging materials and equipment, for example, could halt or slow pharmaceutical production, even if a dosage form manufacturer itself has y2k well under control. We therefore urge pharmaceutical producers to work with their suppliers to ensure there will be a minimum of disruption.

Finally, on a more personal note, I appreciate your attention and assistance in making your membership aware of this matter and FDA's expectations. Because the pharmaceutical industry has proven itself to be highly progressive and innovative, I am confident that it will have little difficulty in managing the y2k issue.

Sincerely,

Janet Woodcock, M.D.  
Director  
Center for Drug Evaluation and Research

cc:

HFD-1  
HFD-300  
HFD-320 year 2000  
p.motise 9/23/98  
rev 9/25/98 per CDER/OC  
doc id cdrltr.998



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October 19, 1998

[http://www.fda.gov/cder/y2k/y2k\\_letter.htm](http://www.fda.gov/cder/y2k/y2k_letter.htm)



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CNBC

The drug industry prepares for year 2000 chaos, as patients grow fearful that the bug will prevent filling of prescriptions

# Drug companies prepare for Y2K

## Fears that patients will stockpile pills spur firms to map out sales patterns

By Elyse Tanouye  
THE WALL STREET JOURNAL

### Will panicked patients attempt to hoard critical medicines out of fear that year 2000-related computer snafus could disrupt the drug pipeline?

COMPLETE STORY ↘

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Drug companies, wholesalers and pharmacies are working out common procedures for manual order taking and claims processing in case of computer failures.

PHARMACEUTICAL COMPANIES believe that is a real possibility, and they are in the early stages of mapping out ways to potentially ramp up production of drugs they think patients will rush to stockpile, and to help wholesalers deal with larger-than-normal amounts of inventory.

Manufacturers say they are hearing reports of doctors advising patients to stock up as Jan. 1, 2000, approaches. Glaxo Wellcome PLC has been talking to medical professionals and patients to try to gauge the size of the problem. "Because Y2K is unique, there isn't a precedent for it," a spokeswoman for Glaxo, London, says. "We don't have a feel yet" for what the extra demand will be.

### **MONTHS TO DEVELOP**

Merck & Co., too, is paying closer attention to sales patterns in the hope of detecting early signs of hoarding, says Charles Popper, chief information officer. But meeting a sudden surge in demand could be challenging.

"One reason we keep saying [stockpiling] is dangerous for the industry and patients is that we can't turn around on a dime," Dr. Popper says. It can take months to develop a drug from raw materials to finished product, and many manufacturing plants are booked tightly.

A surge in demand could quickly tax capacity. "There's not that much give in the system," Dr. Popper says. Because of U.S. Food and Drug Administration regulations, drug companies can't quickly add capacity, contract with new raw-material suppliers or make other changes to respond to a suddenly changing marketplace.

In the event of a run on drugs, priority will go to those that are life-sustaining such as AIDS medicines, and drugs such as the cholesterol-lowering Zocor that are important profit generators for Merck, Dr. Popper says.

### **PANIC ITSELF IS A PROBLEM**

Ironically, widespread patient panic stemming from fear of the Y2K bug could create more problems than the software problem itself, which could cause some computers to read the year 2000 as 1900 and make errors or shut down. The drug industry is spending more than \$2 billion to correct the flaw, according to the Odin Group, Nashville, Tenn., a health-care industry consultant.



Administration regulations, drug companies can't quickly add capacity, contract with new raw-material suppliers or make other changes to respond to a suddenly changing marketplace.

SmithKline Beecham PLC's Y2K program began in 1995 and is the biggest project ever undertaken by its information-resources department, says John Parker, chief information officer. His staff of 2,300 employees and 700 consultants is evaluating and testing every piece of equipment and software in the company — more than 100,000 units in factories and an additional 50,000 personal computers.

Drug companies, wholesalers and pharmacies are working out common procedures for manual order taking and claims processing in case of computer failures. Merck, Whitehouse Station, N.J., will try to locate inventories of critical drugs closer to patients in case of transportation failures. In the case of heart drug Flolan, for instance, its maker, Glaxo, is devising contingency plans that include backup delivery services — used during the United Parcel Service of America Inc. strike in 1997 — and other ways to ensure that patients get the medication.

But "if people start stockpiling, that will create more of an issue than Y2K itself," Merck's Dr. Popper says. "If demand were to double or triple in a short time, we will get spot shortages and people won't get their medicines."

### EXPIRATION DATES

Most pharmaceuticals have limited shelf lives, and people who stockpile run the risk of taking medicines past their expiration dates.

But patients who depend on medications say they can't risk being caught short. Joel Ackerman, executive director at RX2000 Solutions Institute, Edina, Minn., which is helping health-care companies correct Y2K problems, says his advice to patients is: "In some cases, a little bit of stockpiling may be prudent."

That is what Austin Amaro, a Sonora, Calif., parent of a 12-year-old boy with diabetes, has in mind. Near the end of the year, he plans to get a few extra bottles of insulin, just in case. "Not knowing or having a good handle from the industry of what's going on, I need to take steps to protect my son," he says.

Some drug wholesalers, too, "are likely to stock up a little more, just in case" as they did before the UPS strike, says Ronald J. Streck, president of the National Wholesale Druggists' Association.

The toughest task may be quelling public fears of a Y2K disaster. "We understand people saying, 'If I'm going to hoard cash and food, I'm sure going to hoard medication,'" says Keith Mallonee, vice president for the year-2000 project at McKesson Corp., the largest drug wholesaler in the U.S. Preventing a run on drugs, however, is complicated. Contingency plans may include refusing to fill orders that are much larger than usual, he says. But placing limits on orders, whether from a pharmacy or a patient, could fuel

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Interactive Edition.



patients' fears of shortages.

Ultimately, the industry has to mount a public-awareness campaign to reassure patients, says Sen. Robert F. Bennett (R., Utah), chairman of the Senate's special committee on the Y2K technology problem. Some people are also urging health plans to relax prescription rules that typically limit medicine quantities to a month's supply or so.

What would a drug-company technology expert advise patients who depend on medicines? Here's what Susan O'Day, vice president of information services at Bristol-Myers Squibb Co., says she would tell her own parents, who take various medications: "Make sure you have a reasonable amount on hand."

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## HEALTHCARE

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### OVERVIEW

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Healthcare is the largest single industry in the United States. It is a giant of an industry: 750,000 physicians, 5200 hospitals, annual expenditures of \$1.5 trillion, patient utilization census of 3.8 million daily inpatient visits and 20 million daily outpatient visits, a federal Medicare program treating 38 million seniors at an annual cost of \$300 billion. Additionally, Americans consume \$90 billion worth of medications and medical supplies per year. But, the most important statistic is that average life expectancy has increased from age 47 in 1900, to age 76 in 1998. Today, 70% of Americans will live to be 65, versus 20% in 1910.

**Y2K COULD PUT THE  
HEALTHCARE INDUSTRY  
IN INTENSIVE CARE.**

**SENATOR DODD**

#### Industry Technical Dependency

The increase in life expectancy is the result of many factors: scientific, economic, public education and a host of others. But an underlying cause is technological improvement in every aspect of healthcare. These medical technologies are susceptible to the Y2K problem in three ways.

#### 1. Software

- Patient data systems start with admission of a patient to a hospital and the determination of insurance eligibility. All

subsequent medical treatment activities, including the results of all diagnostic tests, are automatically computer recorded. This insures communication between medical specialties, the carrying out of doctor's orders, and the creation of an audit trail to protect the patient and the caregivers.

- Health claim billing systems are the principal means of financing the huge cost of health care. Consequently, the 4 million daily medicare health claims amounting to over \$1 billion are 85%-98% computer generated and processed in an Electronic Data Interchange (EDI) mode between provider and payor.

- Pharmaceutical research, manufacturing and distribution systems are the basis for providing the patient with effective medications. These systems electronically link the drug wholesaler to its pharmaceutical supplier and distribution outlets, principally retail pharmacies and hospitals. Finally, national direct mail order prescription services operate as both wholesaler and retailer.

#### 2. Embedded microprocessors

- Biomedical devices are the

## Investigating The Impact of the Year 2000 Problem

core of medical technology, used by hundreds of millions of units. These devices occur in every kind of diagnostic test equipment (e.g. blood chemistry analyzers, MRI, X-ray etc.) and therapy (e.g. radiation) both inpatient and outpatient. Additionally there is a heavy usage (8 to 10 thousand per hospital) of bio-medical devices in in-patient hospital care. The health care industry currently relies on manufacturers' Y2K compliance data reports to determine whether the device will function appropriately when the date changes. Many device manufacturers have published these reports, indicating Y2K compliance status by model and serial number of each device they sell. But some medical device companies still have not informed FDA of the Y2K risks. Committee Vice Chairman, Senator Chris Dodd, formally published the names of these companies in the Congressional Record on September 23, 1998.

- Infrastructure operations use microprocessor controls in hospitals, clinics and medical office buildings controlling heating, ventilation, security and air-conditioning, as well as power and water
- Process control and analytical devices are critical for managing quality control in laboratories, manufacturing flow in

factories, and automated order activities in warehouses. Tolerances in most of its products are dependent on microprocessors to achieve them.

### 3. Electronic interconnections or interfaces

These are the most prolific and potentially the most likely cause of Y2K failures. For example, a doctor orders, through the hospital information system, that a patient be given an intravenous feeding. The microprocessor controlling the patient's infusion pump is connected to the same hospital information system. The infusion pump records the patient's ID, the quantity of the intravenous solution, and the date and time of the treatment. The patients could be in jeopardy if the hospital system and the biomedical devices are neither Y2K compatible nor compliant.

- Business partnerships are electronically linked throughout the industry. Consequently, a critical part of Y2K remediation is to determine if all the business partners of a healthcare entity are Y2K compliant.

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### MAJOR INITIATIVES

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The Special Committee on the Year 2000 Technology Problem held two hearings dealing with healthcare issues. The first hearing was on July 23, 1998, "The Year 2000 Computer Problem: Will the Health Care Industry Be Ready?" The second hearing, dealing with Y2K problems of general

## Investigating The Impact of the Year 2000 Problem

business, was held on October 7, 1998. This hearing included a panel dedicated to the pharmaceutical industry with witnesses from a major pharmaceutical company, a large wholesale drug company, the national association representing wholesale druggists, and an independent pharmacy.

### Industry Y2K Perspective:

The Gartner Group, a survey research company, issued reports stating the healthcare industry lags behind others in dealing with the Y2K problem in managerial attention, technical resources available, financial resources committed and remediation monitoring.

An additional problem is a highly decentralized system is used to process health claim payments, the underpinning of healthcare financing. It is comprised of a government-insurance industry mechanism that electronically processes nearly 4 million Medicare claims worth over \$1 billion daily at over 70 separate locations. Third party payors for private health claims utilize a similar type of electronic claims process.

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### HEARING SUMMARY

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The following issues arose during the course of the hearings.

#### 1. Biomedical Devices

These devices are the Trojan horses in the health care industry's compli-

ance. Users are often unaware or unknowledgeable about the impact of the microprocessors inside these sophisticated machines. For example, surgical suite machines such as a \$40,000 blood gas analyzer could close down operating rooms if they cannot function on January 1, 2000. Every major medical organization testified that they were experiencing significant problems with biomedical device manufacturers. In many cases, manufacturers were unable or unwilling to comment on their product's ability to function after the millennium change.

- After 2 letters of request, only 500 out of 2700 companies responded to an FDA survey.
- The Committee requested the FDA legal counsel to respond to this issue: Does the FDA have legal authority to require publication of biomedical devices? The FDA responded that it does not have blanket authority to require all device manufacturers to submit Y2K compliance reports. But, FDA indicated that in the interest of patient safety, manufacturers should inform the FDA of device problems and corrections.
- The Veterans Health Administration sent letters of request to 1600 firms for information on purchased medical devices. After three mailings, 233 firms failed to respond.
- The Health Industry Manufacturers Association (HIMA) initially said that it preferred for each manu-

## Investigating The Impact of the Year 2000 Problem

facturer to work with each customer rather than publicly publish Y2K compliance data. But subsequently, HIMA informed the Committee that they encouraged their members to work with FDA in providing public disclosure of Y2K compliance data.

- The Committee called upon all manufacturers of biomedical devices to publish relevant and accurate Y2K data for their machines in a central repository, the FDA Internet web site.
- The Committee requested that the Food and Drug Administration publish a list of biomedical manufacturing companies that have not replied to FDA requests for Y2K data by July 30, 1998.
- The Committee stated if the biomedical manufacturers were unwilling to respond voluntarily to providing data that can save patients' lives, the Congress will enact legislation promptly making mandatory the publication of such data. In response, device manufacturers began providing compliance data to FDA for publication on their Internet website.

### 2. Rural and Inner City Hospitals:

Rural and inner city hospitals have unique Y2K problems. First, because these types of hospitals tend to have limited financing, the expensive discovery, renovation, and testing process is beyond their means. Second, these institutions do not have access to the highly skilled personnel needed

to achieve Y2K compliance. Third, these hospitals are more likely to have older medical equipment, which may be disproportionately subject to Y2K problems.

- The Committee requested direction from the American Hospital Association (AHA) on handling the rural-inner city hospital Y2K problem. The AHA stated in correspondence, it did not have adequate data at present to know the ultimate cost. AHA stated that a coalition of smaller hospitals is being formed to share Y2K information.
- The Committee stated its concern with the American Medical Association (AMA), AHA and FDA about the need of a contingency plan for all hospitals. Rural and inner city hospitals in particular need a fall back if Y2K compliance is incomplete. The associations stated the Joint Commission on Accreditation of Health Care Organizations (JCAHO), the hospital licensing body, already requires disaster and contingency plans be in place. However, the Committee does not believe JCAHO requirements adequately anticipated the extent of Y2K problems. Also JCAHO only reviews hospitals on a triennial basis.

### 3. Medical Health Claims Payment-Medicare

The 38 million Medicare recipients, 5200 hospitals and 780,000 physicians depend on 4 million Medicare claims for \$1 billion in daily payment.

## Investigating The Impact of the Year 2000 Problem

Any significant failure or delay of Medicare payments would have a disastrous cash flow effect on their employees, suppliers and communities. The Healthcare Financing Administration (HCFA), the agency responsible for Medicare disbursements, gave an unsettling report on how they recently discovered 30 million more lines of code that needed remediation.

- The Committee asked the HCFA Administrator how the agency was going to handle a workload that had grown by two and one half times since a July 7 briefing to the Committee staff. The Administrator responded that the remediation would be the most extensive and expensive in the history of Medicare and HCFA was taking extraordinary steps to meet Y2K deadlines.
- The Committee asked the HCFA Administrator the current level of Y2K compliance of the external Medicare payment systems maintained by contractors - the core of Medicare payments. The most recent data supplied by the Office of Management and Budget (OMB) on November 13, 1998 demonstrates that HCFA has tested only 8 out of 108 external systems. However, the HCFA staff, in a late November meeting with the Committee, indicated substantial progress since the OMB report. Medicare renovation was to be completed by December 31, 1998 and full testing in the spring of 1999. None of these systems are Y2K compliant as of February 24, 1999.

- The Blue Cross/Blue Shield (BC/BS) representative assured the Committee that their organization, the largest Medicare contractor, would be ready on time for the December deadline. However, the OMB report referenced above, raises questions of completion dates. The GAO report of February 24, 1999 indicates Y2K problems continue at all BC/BS sites.
- The Committee raised the issue of contingency planning for Medicare payment processing in the event of contractor failure in meeting the Y2K deadlines. The HCFA administrator and BC/BS were requested to tell Congress about specific contingency plans when they are available. At present only general contractor directions for planning are available in lieu of specific plans.

#### 4. The Domino Effect of Y2K Failure

Perhaps the most disturbing Y2K revelation to the Committee was the disclosure of the domino effect of Y2K failure. It can occur in both the use of biomedical devices and in Medicare payments.

- If one biomedical device malfunctions, it can potentially shut down an operating room. Or even worse, one device can pass erroneous data onto other devices creating adverse patient conditions. In other words, Y2K mistakes can reverberate throughout the health care system.



## Investigating The Impact of the Year 2000 Problem

- An exhibit displayed at the hearing showed the pathway for Medicare hospital claims, 98% of which are processed electronically. Each claim must pass through a series of steps beginning with patient eligibility at the hospital through final Medicare payments. A Y2K problem at any step in the process, could either delay payment or fail to remit payment.

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### ASSESSMENTS

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Based on Committee hearings in July and October, subsequent meetings with healthcare industry personnel, and the October 17, 1998, Gartner Group Report, healthcare lags in its progress towards Y2K preparedness. Assessment is broken into the five portions of the industry: pharmaceuticals, large hospitals and hospital chains, health claim billing systems, rural and inner city hospitals, and doctors' offices.

#### Progress Of Healthcare Industry Segments

##### 1. Pharmaceuticals

The Pharmaceutical segment of the industry appears best prepared to meet Y2K challenges. As an industry, pharmaceuticals benefited from an earlier start, their far-sightedness partially due to a long time-to-market horizon for their products. Furthermore, top management recognized Y2K as a business risk and provided the necessary management and resources to address it. This industry is

reported to be selectively stockpiling basic medical ingredients that could be in short supply. This assures that the industry will be capable of meeting strict FDA requirements for controlling batch source inputs to all medications. However, pharmaceutical companies face potential problems.

The first problem is the dependency on foreign suppliers and subsidiaries. The drug industry operates manufacturing plants worldwide that supply the U.S. market. Some suppliers exist in countries where basic infrastructures lack Y2K preparedness. A further complication is the high concentration of some drug production in foreign countries. Denmark, for example, produces 70% of the world's supply of insulin. Additionally 80% of the basic ingredients for pharmaceutical products produced in the U.S. come from abroad.

The just-in-time (JIT) inventory process presents another problem. JIT has replaced the large wholesale drug warehouses of the past with much more efficient Electronic Data Interchange (EDI) ordering and billing processes. JIT requires smaller warehouses and saves money. If adequate drug inventories are to be maintained locally, pharmaceutical products must be delivered promptly from a manufacturer to a wholesale drug company, then to retail pharmacists and hospitals. This can only occur if the telecommunication/transportation infrastructure functions.

Finally, pharmaceutical companies have a myriad of business partners, which must be Y2K compliant to be

## Investigating The Impact of the Year 2000 Problem

effective. Testing all of these electronic relationships is a challenging assignment for the industry.

### 2. Large Hospitals

While not as prompt as pharmaceuticals in responding to Y2K, large hospitals are dedicating considerable resources towards fixing the problem. They have all the usual Y2K problems of healthcare plus building management concerns. They have to provide water and power, heating, ventilating and air conditioning, plus maintain elevators and security systems. Hospitals must also address Y2K problems in biomedical devices and patient data systems. All of the above must function in harmony for the patient to be adequately protected. Hospital management is playing a catch up game.

As of October, a Gartner Group Report indicates that 64% of hospitals do not plan to test their Y2K software remediation - a disquieting fact which hearings in 1999 will attempt to verify. Second, many hospitals are relying solely on producers of medical devices to certify their Y2K compliance. Based on known inaccuracies of some producers' compliance certification, this could be a serious mistake. Third, Y2K contingency planning is in its infancy at hospitals.

### 3. Health Claim Billing Systems

Automated billing is the underpinning of the healthcare system. This \$1.5 trillion industry is almost totally dependent on third party payors (insurance companies, Medicare/Medicaid)

that finance colossal healthcare expenditures. Progress is moving very slowly.

Medicare (responsible for 40%-50% of all payments), has zero Y2K compliant payment programs, according to the most recent GAO report. Medicaid, the federal-state health care payment system, has widely varying stages of Y2K remediation progress that differs from state to state. A General Accounting Office report dated November 6, 1998 indicates that only 17 states have completed the renovation phase. No state has claimed victory in meeting Y2K goals.

The private sector has also experienced difficulties. In a recent publication of Securities Exchange Commission (SEC) 10Q financial reports, one of the largest private insurers recently set aside nearly \$200 million to renovate its Y2K health care billing systems. This indicates that significantly more Y2K remediation is required.

### 4. Rural and Inner City Hospitals

Rural and inner city hospitals depend on older equipment much more than large well-endowed hospitals do. On the plus side, low tech equipment may not have any Y2K exposure. On the negative, older versions of bill payment software are more likely to be non-compliant. The concern for rural and inner city hospitals stems from their lack of resources to prepare or test for Y2K problems. Additionally, it is unclear how aware rural and inner city hospitals are of Y2K problems.

### 5. Doctors' Offices

## Investigating The Impact of the Year 2000 Problem

Because the nation's nearly 800,000 doctors work out of thousands of separate offices, detailed data on the extent of the Y2K problem in this area is unavailable. (Gartner Group Reports are uncertain on the status of this healthcare area.) Offices have all the Y2K problems similar to hospitals on a smaller scale but **without** the comparable access to technical and financial resources. Since diagnostic testing depends upon biomedical devices, potential problems may exist. Patient data systems are not widely used in doctors' offices today, but electronic health claims billing systems are nearly universal for Medicare. If doctors have to return to paper billing because of Y2K failures, insurance companies and Medicare would be hard pressed to accommodate the resulting volume of health claims.

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### CONCERNS

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There are substantial indications that in some healthcare settings, insufficient attention is being paid to Y2K issues. The October 17, 1998 Gartner Group Report paints a dismal picture of healthcare industry preparation for Y2K. Top management needs to engage this problem as a group, perhaps by formalizing compliance programs through governing bodies or industry groups.

Based on a 1996 National Institutes of Health Report, nearly 40 million Americans are chronically ill or physically impaired. Maintenance of adequate drug inventories can be a life

and death matter for patients dependent on drugs for survival, such as insulin for 10 million diabetics. Since some of these life saving drugs have a short shelf life, how will the healthcare system be structured to ensure availability of life dependent medications?

The Committee recognizes that medical malpractice insurance is the means by which both hospitals and medical doctors protect themselves against substantial loss. The insurance industry has already demonstrated an unwillingness to subject itself to Y2K liability. But hospitals and medical practitioners cannot function without liability insurance.

The Committee is also concerned that Y2K prepared hospitals may not follow proper documentation of remediation efforts. Compounding the problem, due diligence standards in this area have not been set.

The healthcare industry is faced with increased costs of Y2K remediation in 1999 and the possibility of extensive litigation after January 2000. How can costs affecting patient care services be controlled?

Excess supplies of non-compliant medical equipment will be available prior to, and after January 2000 due to replacements with compliant systems.

How will patient care be protected when this excess equipment is disposed of either domestically or internationally?

Healthcare managers are currently

## Investigating The Impact of the Year 2000 Problem

considering contingency planning programs. What is the optimal use of this approach in protecting patient care considering the multiple risks that can occur in any single facility?

Healthcare systems are trying to reduce Y2K exposure by excluding high-risk business partners from future deals. The cumulative impact of this practice in healthcare and other industries could negatively impact smaller firms irrespective of their competence or cost competitiveness. What can be done to insure that a "flight to quality" will include Y2K compliant smaller firms?

Rural and inner city hospitals could be endangered as a result of Y2K issues cited above. In many communities they are the center of health activities because of the low-income status of their patients. Furthermore, in rural communities these hospitals are frequently the largest employer. What public policy actions need to be taken promptly before the window of opportunity closes on solutions prior to the Year 2000?

How do the healthcare payment organizations (Health insurance companies and Medicare/Medicaid) plan to function if their own payment systems are not working or their customers (hospitals and doctors' offices) cannot produce EDI health claims?

The volume of electronic interfaces (paths) between biomedical devices and patient data and billing systems

within hospitals is staggering. How will all the paths be tested adequately for patient safety? What testing standards are being employed to ensure the results will protect patient safety and financial accuracy?

Contingency planning includes disaster recovery plans. Will contingency planners accomplish their work soon enough to be of practical assistance to the continuity of operations for patient safety and proper medical functions?

Several of the national associations that represent the health care industry were impressive in their assistance to the Committee and the country. They helped the Committee explain the extent and depth of Y2K compliance issues in their industry. It is obvious from the hearing however that no single organization or groupings of healthcare organization, are working together to assure the American public that the major issues are being addressed adequately. Can this industry unify quickly enough to insure that healthcare will become Y2K compliant before the Year 2000?

Testing of renovated biomedical devices, patient data systems and healthcare billing systems is in its early stages. The credibility of the test results is dependent on the quality of the testing criteria and processes. The Committee has not seen any data or discussion dealing with this ultimate measure of Y2K compliance.



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRB-2877/1

MDK:.....

cmh

O-NOTE

By WED  
NOON

1999 BILL

W.P.O.  
create  
auto-ref

senat

1 AN ACT ...; relating to: revision of certain prescription orders.

**Analysis by the Legislative Reference Bureau**

Under this bill, a patient may request a practitioner to revise a prescription order to ensure that the quantity of the drug product or device that is prescribed is not depleted until after January 31, 2000. Upon the request of a patient, a practitioner must revise a prescription order if: 1) the drug product or device is prescribed in a quantity that is likely to be depleted during the month of January, 2000; 2) the patient has a chronic condition or the drug product or device is likely to be appropriate to treat the patient's condition at least until January 31, 2000; and 3) an interruption of the supply of the drug product or device during the month of January, 2000, may cause substantial physical or mental discomfort or undesirable health consequences for the patient. A patient may request only one revision of a prescription order under the bill.

**The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:**

2 SECTION 1. Nonstatutory provisions.

3 (1) DEFINITIONS. In this section:

4 (a) "Device" has the meaning given in section 450.01 (6) of the statutes.

**BILL**

1 (b) "Drug" has the meaning given in section 450.01 (10) of the statutes, but does  
2 not include a controlled substance included, whether by statute or rule, in schedules  
3 II to V of chapter 961 of the statutes.

4 (c) "Drug product" means means a specific drug or drugs in a specific dosage  
5 form and strength from a known source of manufacture.

6 (d) "Patient" has the meaning given in section 450.01 (14) of the statutes.

7 (e) "Practitioner" has the meaning given in section 450.01 (17) of the statutes.

8 (f) "Prescription order" means a prescription order, as defined in section 450.01  
9 (21) of the statutes, that specifies a drug product or device in a quantity that is likely  
10 to be depleted at any time during the month of January, 2000.

11 (2) REVISION OF CERTAIN PRESCRIPTION ORDERS.

*create auto-ref. "a"*

12 (a) Upon the request of a patient, a practitioner shall revise a prescription order  
13 to ensure that the quantity of the drug product or device that is prescribed is not  
14 depleted until after January 31, 2000, if each of the following ~~are~~ <sup>is</sup> satisfied:

15 1. The patient's condition for which the prescription order is issued is chronic  
16 or the drug product or device that is prescribed is likely to be appropriate to treat the  
17 patient's condition at least until January 31, 2000.

18 2. An interruption during the month of January, 2000, of the supply of the drug  
19 product or device that is prescribed may cause substantial physical or mental  
20 discomfort or undesirable health consequences for the patient.

21 (b) A patient may request only one revision of a prescription order under  
22 paragraph (a).

*↑ auto-ref "a"*

(END)

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-2877/1dn

MDK:.....

*cmf*

Representative Krug:

Please review this bill very carefully to make sure that it achieves your intent. In particular, please note the following:

1. The bill does not include any insurance provisions because I am not sure whether you want to include them and I am not sure whether they are necessary. Don't most insurance contracts address the issue of whether a specific drug is covered, rather than whether a specific quantity of a drug is covered?

2. The bill requires a practitioner to revise certain prescriptions, provided that certain conditions are satisfied. However, isn't it possible for a practitioner to have valid medical reasons for not revising a prescription order even if the bill's conditions are satisfied? If so, do you want to revise the bill to include an such an exception?

Mark D. Kunkel  
Legislative Attorney  
Phone: (608) 266-0131  
E-mail: [Mark.Kunkel@legis.state.wi.us](mailto:Mark.Kunkel@legis.state.wi.us)

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-2877/1dn  
MDK:cmh:hmh

April 26, 1999

Representative Krug:

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Mark D. Kunkel  
Legislative Attorney  
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E-mail: [Mark.Kunkel@legis.state.wi.us](mailto:Mark.Kunkel@legis.state.wi.us)



By  
WED  
5/19

+PJK

PM  
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RUN

2

# 1999 BILL

and insurance coverage ✓  
under those orders

1 AN ACT relating to: revision of certain prescription orders

### Analysis by the Legislative Reference Bureau

Under this bill, a patient may request a practitioner to revise a prescription order to ensure that the quantity of the drug product or device that is prescribed is not depleted until after January 31, 2000. Upon the request of a patient, a practitioner must revise a prescription order if: 1) the drug product or device is prescribed in a quantity that is likely to be depleted during the month of January, 2000; 2) the patient has a chronic condition or the drug product or device is likely to be appropriate to treat the patient's condition at least until January 31, 2000; and 3) an interruption of the supply of the drug product or device during the month of January, 2000, may cause substantial physical or mental discomfort or undesirable health consequences for the patient. A patient may request only one revision of a prescription order under the bill.

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The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

Insert  
1-2

with  
auto ref A (along with sub. (3))

2 SECTION 1. Nonstatutory provisions.

3 (1) DEFINITIONS. In this section:

4 (a) "Device" has the meaning given in section 450.01 (6) of the statutes.

**BILL**

**SECTION 1**

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2 not include a controlled substance included, whether by statute or rule, in schedules  
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6 ~~e~~ "Patient" has the meaning given in section 450.01 (14) of the statutes.

7 ~~f~~ "Practitioner" has the meaning given in section 450.01 (17) of the statutes.

8 ~~g~~ "Prescription order" means a prescription order, as defined in section 450.01  
9 (21) of the statutes, that specifies a drug product or device in a quantity that is likely  
10 to be depleted at any time during the month of January, 2000.

11 (2) REVISION OF CERTAIN PRESCRIPTION ORDERS.

12 *create autonomy c* (a) Upon the request of a patient, a practitioner shall revise a prescription order  
13 to ensure that the quantity of the drug product or device that is prescribed is not  
14 depleted until after January 31, 2000, if each of the following is satisfied:

15 1. The patient's condition for which the prescription order is issued is chronic  
16 or the drug product or device that is prescribed is likely to be appropriate to treat the  
17 patient's condition at least until January 31, 2000.

18 2. An interruption during the month of January, 2000, of the supply of the drug  
19 product or device that is prescribed may cause substantial physical or mental  
20 discomfort or undesirable health consequences for the patient.

21 (b) A patient may request only one revision of a prescription order under  
22 paragraph (a).

23

(END)

*Insert 2-22*

*Insert 2-5*

*Insert 2-10*



1999-2000 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-2877/2ins  
PJK::

INSERT A

Also under the bill, if a patient has coverage under a health benefit plan or a self-insured health plan for a drug product or device that is prescribed under a revised prescription order, the health benefit plan or self-insured health plan may not deny coverage for the drug product or device solely on the basis of the quantity of the drug product or device prescribed, or the length of time for which the drug product or device is prescribed, under the revised order. This requirement applies to self-insured health plans of the state, municipalities and school districts, and to all types of health benefit plans, including managed care plans.

(END OF INSERT A)

INSERT 1-2

1 SECTION 1. 111.91 (2) (r) of the statutes is created to read:  
2 111.91 (2) (r) The requirement under 1999 Wisconsin Act ... (this act), section  
3 (3), related to coverage of drugs or devices under revised prescription orders.

4 SECTION 2. 111.91 (2) (r) of the statutes, as created by 1999 Wisconsin Act ...  
5 (this act), is repealed.

(END OF INSERT 1-2)

INSERT 2-5

6 (d) "Health benefit plan" has the meaning given in section 632.745 (11) of the  
7 statutes.

(END OF INSERT 2-5)

INSERT 2-10

8 (h) "Self-insured health plan" has the meaning given in section 632.745 (24)  
9 of the statutes.

(END OF INSERT 2-10)

INSERT 2-22

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1 (3) INSURANCE COVERAGE OF REVISED PRESCRIPTION ORDERS. If a patient for whom  
2 a practitioner revises a prescription order under subsection (2) is covered under a  
3 health benefit plan or a self-insured health plan that provides coverage of the drug  
4 product or device that is prescribed under the revised prescription order, the health  
5 benefit plan or self-insured health plan may not deny coverage of the drug product  
6 or device under the revised prescription order solely on the basis of the quantity of  
7 the drug product or device that is prescribed or the length of time for which the drug  
8 product or device is prescribed under the revised prescription order.

9 **SECTION 3. Initial applicability.**

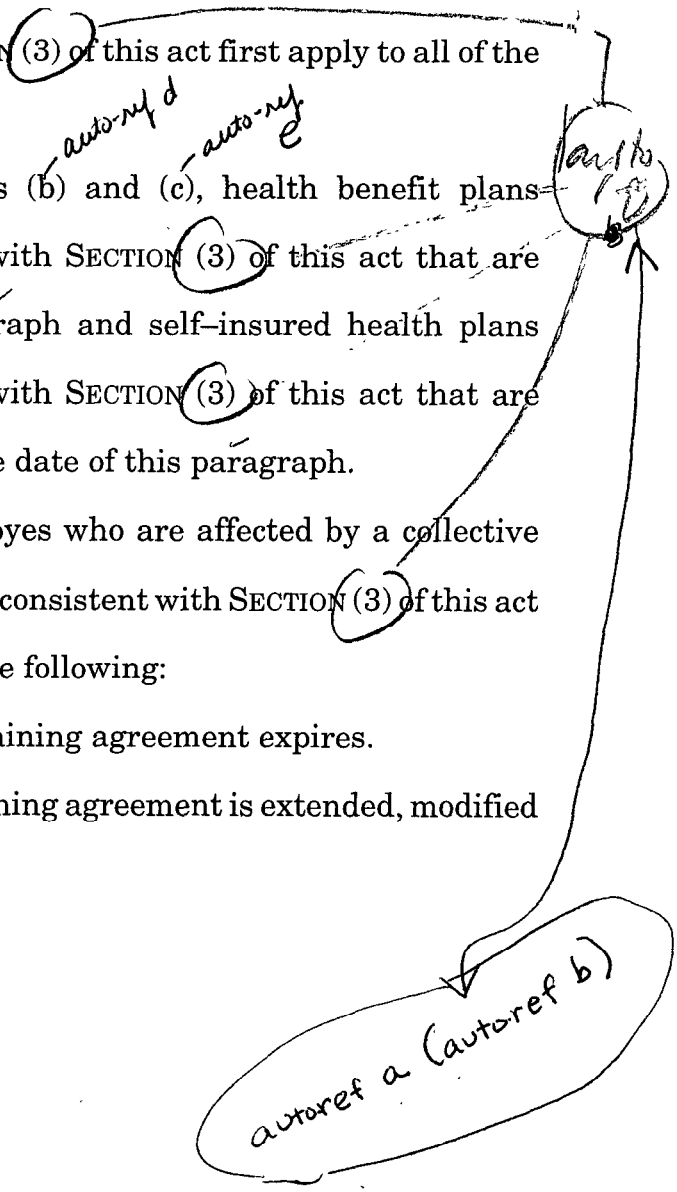
10 (1) INSURANCE COVERAGE OF REVISED PRESCRIPTION ORDERS. The creation of  
11 section 111.91 (2) (r) of the statutes and SECTION (3) of this act first apply to all of the  
12 following:

13 (a) Except as provided in paragraphs (b) and (c), health benefit plans  
14 containing terms or provisions inconsistent with SECTION (3) of this act that are  
15 renewed on the effective date of this paragraph and self-insured health plans  
16 containing terms or provisions inconsistent with SECTION (3) of this act that are  
extended, modified or renewed on the effective date of this paragraph.

17 (b) Health benefit plans covering employes who are affected by a collective  
18 bargaining agreement containing provisions inconsistent with SECTION (3) of this act  
19 that are issued or renewed on the earlier of the following:

- 20  
21 1. The day on which the collective bargaining agreement expires.  
22 2. The day on which the collective bargaining agreement is extended, modified  
23 or renewed.

*create  
auto-ref  
18d*



*autonfa (Autonfa-b)*

*- autonfa  
"e"*

1 (c) Self-insured health plans covering employes who are affected by a collective  
2 bargaining agreement containing provisions inconsistent with SECTION (3) of this act  
3 that are established, extended, modified or renewed on the earlier of the following:

- 4 1. The day on which the collective bargaining agreement expires.
- 5 2. The day on which the collective bargaining agreement is extended, modified  
6 or renewed.

7 **SECTION 4. Effective dates.** This act takes effect on the day after publication,  
8 except as follows:

- 9 (1) The repeal of section 111.91 (2) (r) of the statutes takes effect on February  
10 1, 2000.

(END OF INSERT 2-22)

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-2877/2dn

MDK:.....  
PSK  
cmh

Representative Krug:

Please review this version very carefully to make sure that it achieves your intent.  
If you have any questions, please contact us.

Mark D. Kunkel  
Legislative Attorney  
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Pamela J. Kahler  
Senior Legislative Attorney  
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**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-2877/2dn  
MDK&PJK:cmh:km

May 17, 1999

Representative Krug:

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**SUBMITTAL  
FORM**

**LEGISLATIVE REFERENCE BUREAU  
Legal Section Telephone: 266-3561  
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and **sign** on the appropriate line(s) below.

**Date:** 5/18/99

**To:** Representative Krug

**Relating to LRB drafting number:** LRB-2877

**Topic**

Extension of prescriptions into January 2000

**Subject(s)**

Occupational Reg. - misc, Health - miscellaneous

1. **JACKET** the draft for introduction

*Sarah*

in the **Senate** \_\_\_\_\_ or the **Assembly**  (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached \_\_\_\_\_.

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction

*Sarah*

*Not Required*

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Mark D. Kunkel, Legislative Attorney  
Telephone: (608) 266-0131