

SB 205 INTRODUCED BY HALLIGAN
VOUCHER SYSTEM FOR DEPARTMENT OF SOCIAL &
REHABILITATION SERVICES PAYMENT FOR
PRESCRIPTION MEDICATION

1/24	INTRODUCED		
1/24	REFERRED TO BUSINESS & INDUSTRY		
1/24	FISCAL NOTE REQUESTED		
2/04	FISCAL NOTE RECEIVED		
2/04	HEARING		
2/20	TABLED IN COMMITTEE		
2/21	TAKEN FROM COMMITTEE AS AMENDED	45	3
2/23	STATEMENT OF INTENT ADOPTED		
2/23	2ND READING PASSED	36	13
2/25	3RD READING PASSED	41	9
	TRANSMITTED TO HOUSE		
3/03	REFERRED TO BUSINESS & LABOR		
3/17	HEARING		
3/18	TABLED IN COMMITTEE		

1 *Senate* BILL NO. *205*
2 INTRODUCED BY *Haldeman*

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE
5 PAYMENT OF PRESCRIBED MEDICATION BY THE DEPARTMENT OF SOCIAL
6 AND REHABILITATION SERVICES BY MEANS OF VOUCHERS; PROVIDING
7 THAT SUCH VOUCHERS ARE LIMITED NEGOTIABLE INSTRUMENTS
8 CAPABLE OF BEING DEPOSITED IN A VENDOR'S BANK ACCOUNT;
9 PROVIDING FOR THE ADMINISTRATION OF THE VOUCHER SYSTEM; AND
10 PROVIDING FOR AN OFFENSE OF THEFT BY PHARMACIST VOUCHER AND
11 FOR A PENALTY."

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 Section 1. Voucher payment system for prescribed
15 medication -- administration -- penalty. (1) The department
16 of social and rehabilitation services shall pay for
17 prescribed medication through a voucher system. In the
18 manner provided in this section, a pharmacist or the vendor
19 employing a pharmacist may be paid for prescribed medication
20 sold to an eligible public assistance recipient by entering
21 required information and the amount due for payment of
22 medication on a voucher and depositing the voucher in a bank
23 account.

24 (2) The voucher must be in the form of a negotiable
25 instrument from the department to a vendor. The voucher must

1 be signed by a pharmacist. A voucher is negotiable for
2 deposit only in an active commercial account of a bank or
3 other financial institution and may not exceed \$99. A notice
4 of such limited negotiability must be printed on the face of
5 each voucher.

6 (3) The voucher must be completed by a pharmacist. A
7 pharmacist shall provide information which includes:

8 (a) the name and identification number of the
9 pharmacist;

10 (b) the name and identification number of the vendor,
11 if other than the pharmacist;

12 (c) the name and necessary identification information
13 on the person receiving the medication;

14 (d) the identification, quantity, and price of the
15 medication;

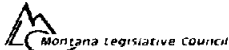
16 (e) the signature of the pharmacist certifying to the
17 accuracy of the information on the voucher and that the
18 pharmacist complied with all necessary laws and rules
19 required for payment by the state; and

20 (f) such other information required by the department
21 that is necessary to administer the voucher system.

22 (4) The department may implement this section by rule.
23 The rules must provide:

24 (a) for administration of voucher payment;

25 (b) information for pharmacists relating to completing



1 vouchers; and

2 (c) procedures and methods to prevent fraudulent use
3 of vouchers and that do not impede ease of use of vouchers
4 for vendor payment.

5 (5) A bank accepting a voucher for payment must be
6 paid by the department unless:

7 (a) the amount claimed is in excess of \$99;

8 (b) the voucher was not deposited by a pharmacist in a
9 commercial account; or

10 (c) the voucher is fraudulent on its face.

11 (6) Any adjustments due to overpayments or erroneous
12 payments must be made between the department and the vendor
13 of the medication. The department does not have recourse to
14 a vendor through a bank by offset or any other method of
15 adjusting amounts due on the face of vouchers.

16 (7) A person commits the offense of theft by
17 pharmacist voucher if the person knowingly deposits a
18 voucher authorized by this section in a bank with the
19 purpose of receiving payment for medication or services that
20 were not provided.

21 (a) A pharmacist, employee of a pharmacist, or
22 employee of a participating retail drug vendor convicted of
23 violating this section shall be fined not less than \$1,000
24 or more than \$50,000 or be imprisoned for a period not to
25 exceed 1 year, or both.

1 (b) A person other than a person named in subsection
2 (7)(a) convicted of violating this section shall be fined no
3 more than \$500 or imprisoned for a period not to exceed 6
4 months, or both.

5 Section 2. Codification instruction. Section 1 is
6 intended to be codified as an integral part of Title 53,
7 chapter 6, and the provisions of Title 53, chapter 6, apply
8 to section 1.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB205, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act providing for the payment of prescribed medication by the Department of Social and Rehabilitation Services by means of vouchers; providing that such vouchers are limited negotiable instruments capable of being deposited in a vendor's bank account; providing for the administration of the voucher system; and providing for an offense of theft by pharmacist voucher and for a penalty.

ASSUMPTIONS:

1. The Women, Infant and Children nutrition program voucher system was used as a model for cost estimation.
2. A revolving fund of \$270,000 of general fund monies would be established in FY88; remaining costs would be split 50/50 between the federal and state government.
3. It is assumed that the voucher system would be designed to comply with medicaid reimbursement requirements. Payments by voucher may not exceed allowed ingredient cost plus the store dispensing fee. Data must continue to be provided by the pharmacist so that they may continue to be entered into the computer for payment processing.
4. An additional 4.0 FTE would be needed to reconcile payment of vouchers that were rejected by the medicaid claims system for lack of information or eligibility problems.


FISCAL IMPACT:

	FY88			FY89		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
Personal Services	\$ 0	\$ 58,200	\$ 58,200	\$ 0	\$ 58,200	\$ 58,200
Operating Costs	0	375,300	375,300	0	105,300	105,300
TOTAL	\$ 0	\$433,500	\$ 433,500	\$ 0	\$163,500	\$ 163,500
<u>Funding:</u>						
General Fund	\$ 0	\$351,750	\$ 351,750	\$ 0	\$ 81,750	\$ 81,750
Federal Funds	0	81,750	81,750	0	81,750	81,750
TOTAL	\$ 0	\$433,500	\$ 433,500	\$ 0	\$163,500	\$ 163,500

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Other providers may want to be on the voucher system, thus increasing the number of claims that would be paid outside the medicaid claims payment system. If this happens, the state may lose the 75/25 federal participation in the claims payment system. About \$250,000 additional state funds would have to be used to offset the loss in federal funding.


 DATE 1/30/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning


 DATE 2-4-87
 MIKE HALLIGAN, PRIMARY SPONSOR
 Fiscal Note for SB205, as introduced.

WITHOUT RECOMMENDATION
ON MOTION, PRINTED AND
PLACED ON SECOND READING

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15 medication;

16 (e) the signature of the pharmacist certifying to the
17 accuracy of the information on the voucher and that the
18 pharmacist complied with all necessary laws and rules
19 required for payment by the state; and

20 (f) such other information required by the department
21 that is necessary to administer the voucher system.

22 (4) AFTER THE PHARMACIST COMPLETES THE VOUCHER, HE
23 SHALL SUBMIT A COPY OF IT TO THE DEPARTMENT FOR REVIEW AND
24 VALIDATION. WITHIN 30 DAYS OF RECEIPT OF THE VOUCHER, THE
25 DEPARTMENT SHALL VALIDATE IT OR NOTIFY THE PHARMACIST OF ANY



1 ERRORS OR IRREGULARITIES IN THE VOUCHER. IF THE DEPARTMENT
 2 DOES NOT REJECT THE VOUCHER OR RESPOND TO IT WITHIN THE
 3 30-DAY PERIOD, THE PHARMACIST MAY DEPOSIT IT IN A COMMERCIAL
 4 BANK ACCOUNT AS PROVIDED IN THIS SECTION.

5 ~~f4~~(5) The department may implement this section by
 6 rule. The rules must provide:

7 (a) for administration of voucher payment;

8 (b) information for pharmacists relating to completing
 9 vouchers; and

10 (c) procedures and methods to prevent fraudulent use
 11 of vouchers and that do not impede ease of use of vouchers
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 20 erroneous payments must be made between the department and
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 22 recourse to a vendor through a bank by offset or any other
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24 ~~f7~~(8) A person commits the offense of theft by
 25 pharmacist voucher if the person knowingly deposits a

1 voucher authorized by this section in a bank with the
 2 purpose of receiving payment for medication or services that
 3 were not provided OR WITH THE PURPOSE OF RECEIVING PAYMENT
 4 AFTER THE VOUCHER HAS BEEN REJECTED BY THE DEPARTMENT.

5 (a) A pharmacist, employee of a pharmacist, or
 6 employee of a participating retail drug vendor convicted of
 7 violating this section shall be fined not less than \$1,000
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 9 exceed 1 year, or both.

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 11 (7)(a) convicted of violating this section shall be fined no
 12 more than \$500 or imprisoned for a period not to exceed 6
 13 months, or both.

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 15 intended to be codified as an integral part of Title 53,
 16 chapter 6, and the provisions of Title 53, chapter 6, apply
 17 to section 1.

-End-

1 STATEMENT OF INTENT

2 SENATE BILL 205

3

4 A statement of intent is required for this bill because
5 it grants rulemaking authority to the department of social
6 and rehabilitation services.

7 It is intended that the department adopt such rules as
8 are necessary to have the voucher system run smoothly. It is
9 contemplated that rules will address the exact processes
10 that the department and banks shall use for the processing
11 of vouchers. The detail on the type of information to be
12 included on the voucher is also subject to rule because,
13 based upon experience in administering the system or changes
14 in federal law, the form may change. It is not contemplated
15 that exhaustive rules need be adopted relating to the
16 payment method of the voucher. If the department cannot make
17 the form self-explanatory using common pharmaceutical terms
18 and references to standard pharmaceutical books, then the
19 department deserves the resulting problems.

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