

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 4479 (Substitute S-1 as reported)
House Bill 4480 (Substitute S-1 as reported)
House Bill 4481 (Substitute S-1 as reported)
Sponsor: Representative Gary Woronchak (H.B. 4479)
Representative Gene DeRossett (H.B. 4480)
Representative Stephen Ehardt (H.B. 4481)

House Committee: Health Policy
Senate Committee: Health Policy

CONTENT

The bills would amend three statutes to require health insurers that provide coverage for prescription drugs and limit the benefit to drugs included in a formulary, to do the following:

- Provide for participation of participating or affiliated physicians, dentists, and pharmacists in the development of the formulary.
- Disclose to health care providers, and upon request to enrollees or insureds, the nature of formulary restrictions.
- Provide for exceptions from the formulary limitation when a nonformulary alternative was a medically necessary and appropriate alternative. This provision would not prevent a health insurer from establishing prior authorization requirements or another process for consideration of coverage or higher cost-sharing for nonformulary alternatives. The insurer would have to give notice as to whether an exception had been granted within 24 hours after receiving all information necessary to determine whether the exception should be granted.

House Bill 4479 (S-1) would amend the Nonprofit Health Care Corporation Reform Act, which regulates Blue Cross and Blue Shield of Michigan. House Bill 4480 (S-1) would amend the Public Health Code in regard to health maintenance organizations. House Bill 4481 (S-1) would amend the Insurance Code, which regulates private insurers.

Proposed MCL 550.1401h (H.B. 4479)
Proposed MCL 333.21053f (H.B. 4480)
Proposed MCL 500.3406o (H.B. 4481)

Legislative Analyst: G. Towne

FISCAL IMPACT

The bills would have no fiscal impact on State or local government. There are no data that would indicate that these bills would, in and of themselves, result in increased health care costs. There is currently no legal prohibition against any licensed prescriber's ordering a medically necessary drug for any individual, though that person may experience increased out-of-pocket costs. As these bills expressly would allow health insurers to increase cost-sharing for nonformulary use, that "out of plan" effect would or could continue.

Date Completed: 10-18-99

Fiscal Analyst: J. Walker