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BILL ANALYSIS

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Senate Bill 832 (Substitute S-1 as reported by the Committee of the Whole)  
Sponsor: Senator Bev Hammerstrom  
Committee: Health Policy

### **CONTENT**

The bill would amend the Social Welfare Act to prohibit the Department of Community Health (DCH), if it developed a prior authorization process for prescription drugs under the medical assistance program, from requiring prior authorization for the following:

- A prescription drug classified as an antianxiety, anticonvulsant, antidepressant, or antipsychotic central nervous system drug in a generally accepted standard medical reference.
- A prescription drug that is cross-indicated for an antipsychotic central nervous system drug exempted above according to a generally accepted standard medical reference.
- A prescription drug that is recognized in a generally accepted standard medical reference as effective in the treatment of conditions specified in the most recent diagnostic and statistical manual of mental disorders published by the American Psychiatric Association.
- A prescription drug that is recognized in a generally accepted standard medical reference for the treatment of HIV infections or the complications of the HIV or AIDS; cancer; organ replacement therapy; or epilepsy or seizure disorder.

Proposed MCL 400.109h

Legislative Analyst: Julie Koval

### **FISCAL IMPACT**

The Michigan Pharmaceutical Best Practices Initiative was implemented in FY 2001-02 after language was included in the annual appropriations act for the Department of Community Health allowing the DCH to propose changes to pharmacy policies for Medicaid recipients not enrolled in Medicaid HMOs. Nearly \$43 million in savings was assumed in the FY 2001-02 budget due this provision, and it is believed that the savings have largely been achieved. Beginning in FY 2003-04, the DCH appropriations act included language requiring the Department to continue its practice of placing all atypical antipsychotic medications on the Medicaid preferred drug list, thereby exempting those drugs from prior authorization requirements of the Michigan Pharmaceutical Best Practices Initiative.

The bill would include on the list of prescription drugs to be exempted from prior authorization requirements not only atypical antipsychotics, but effectively all prescription drugs used for the treatment of mental disorders (except those drugs that are controlled substances). In addition, prescription drugs used for the treatment of HIV/AIDS, cancer, organ replacement, and epilepsy or seizure disorder also would be exempted from prior authorization requirements. As a result, the bill would limit the Department's ability to control through the prior authorization process the use of, and therefore expenditures for, prescription drugs for Medicaid clients.

The bill would have no fiscal impact on local units of government.

Date Completed: 6-9-04

Fiscal Analyst: Dana Patterson

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