Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bills 429 and 430 (as introduced 6-14-11)
Sponsor: Senator Tonya Schuitmaker (S.B. 429)
Senator Jim Marleau (S.B. 430)
Committee: Insurance

Date Completed: 11-7-11

CONTENT

Senate Bill 429 would add Section 2212c to the Insurance Code to do the following:

- **Require the Commissioner of the Office of Financial and Insurance Regulation (OFIR) to develop a standard form that a physician would have to use to request prior authorization for prescription drugs.**
- **Require a health insurer, health maintenance organization (HMO), and Blue Cross Blue Shield of Michigan (BCBSM) to require and accept the standard form when requiring prior authorization.**
- **Require a prior authorization request to be considered granted under certain circumstances.**

Senate Bill 430 would amend the Nonprofit Health Care Corporation Reform Act to provide that Section 2212c of the Insurance Code would apply to BCBSM.

The bills are tie-barred to each other. Senate Bill 429 is described below in further detail.

Under the bill, by January 1, 2012, the OFIR Commissioner would have to develop a standard prior authorization form that each physician would have to use to request prior authorization for prescription drugs, notwithstanding any other provision of law. The Commissioner would have to hold at least one public hearing to gather input from interested parties in developing the form. The form could not exceed two pages, and would have to be electronically available and transmissible.

Effective January 1, 2012, each insurer issuing an expense-incurred hospital, medical, or surgical policy or certificate, each HMO, and BCBSM would have to require and accept the form when requiring prior authorization for prescription drug benefits for any policy, certificate, or contract that required prior authorization.

If a health insurer, an HMO, or BCBSM failed to require, failed to accept, or failed to respond within 48 hours of submission by a physician of a properly completed standard form, the prior authorization request would have to be considered granted.

Proposed MCL 500.2212c (S.B. 429)
Proposed MCL 550.1402d (S.B. 430)

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bills would have no fiscal impact on State or local government. The standardization of pharmaceutical prior authorization forms would result in a small one-time cost increase for insurers. The increase would likely be so small that there would be no impact on insurance rates paid by State and local government.

Fiscal Analyst: Steve Angelotti

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