Legislative Analysis

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STANDARD PRIOR AUTHORIZATION FORM

Senate Bills 178 and 179
Sponsor: Sen. Tonya Schuitmaker
House Committee: Health Policy
Senate Committee: Insurance

Complete to 4-15-13

A SUMMARY OF SENATE BILLS 178 AND 179 AS PASSED BY THE SENATE 3-20-13

The bills would require the creation of a single prior authorization form for use by health providers when a patient's health plan requires prior authorization before certain prescription drugs are prescribed.

Senate Bill 178 would add the new requirements to the Insurance Code (MCL 500.2212c) to apply to commercial insurance companies and HMOs. Senate Bill 179 would amend the Nonprofit Health Care Corporation Reform Act to apply the provisions of Senate Bill 178 to Blue Cross Blue Shield of Michigan (MCL 550.1402d).

The bills are nearly identical to House Bills 4274 and 4275, which have passed the House and are pending Senate action.

Senate Bill 178 would do the following:

- Beginning July 1, 2016, require an insurer to use the standard prior authorization methodology when a policy, certificate, or contract requires prior authorization for prescription drug benefits. "Insurer" would mean a commercial insurance company, HMO, BCBSM, or a third party administrator of prescription drug benefits.

- Enable a prescriber (e.g., physician or dentist) to request an expedited review on the standardized form if he or she certified that the 15-day standard review period for prior authorization may seriously jeopardize the life or health of the patient or the patient's ability to regain maximum function.

- Create a Prescription Drug Prior Authorization Workgroup. Within 30 days of the bill's effective date, the Departments of Community Health (DCH) and Insurance and Financial Services (DIFS) would be required to work together and appoint members to a workgroup that would include a representative of each of those two departments and also members representing insurance companies, prescribers, pharmacists, hospitals, and other stakeholders.

- In developing the standardized form, require the workgroup to take into consideration existing and potential technologies for transmitting a standard prior authorization request, national standards pertaining to electronic prior

authorization developed by the National Council for Prescription Drug Programs, prior authorization forms and methodologies used in pilot programs in the state, and any prior authorization forms and methodologies developed by the federal Centers for Medicaid and Medicare Services.

- Beginning January 1, 2016, consider a prior authorization request submitted via an Internet, web-based system that had been certified for expedited review to be granted if the insurer failed to grant it, deny it, or require additional information within 72 hours of submission or within 15 days of submission for a request not certified for expedited review. (These time frames for a response from the insurer do not appear to apply to the use of a standardized form in a paper format.)

- If the workgroup developed a paper form as the standard, then require that the paper form be limited to no more than two pages, with some exceptions for "additional information" (as described in the bill); and be electronically available and transmissible (e.g., by fax or similar device). This methodology would not apply to a prior authorization methodology using an Internet, web-based system.

- Define "prescriber" to mean that term as defined in the Public Health Code. (Section 17708 defines the term to mean a licensed dentist, physician (MD or DO), podiatrist, optometrist certified under Part 174 of the code to administer and prescribe therapeutic pharmaceutical agents, veterinarian, or another licensed health professional acting under the delegation and using, recording, or otherwise indicating the name of the delegating licensed physician.)

Senate Bill 179 would specify that the provisions of Senate Bill 178 would also apply to Blue Cross Blue Shield of Michigan. The bill is tie-barred to Senate Bill 178 and House Bill 4275, meaning that the bill cannot be enacted unless either of the other two bills is also enacted.

BACKGROUND INFORMATION*:*

On March 17, the Office of Financial and Insurance Regulation (OFIR) became the Department of Financial and Insurance Services (DIFS).

FISCAL IMPACT:

Senate Bills 178 (S-1) and 179 would have a nominal fiscal impact on the Departments of Community Health (DCH) and Insurance and Financial Services (DIFS) resulting from the administrative expenses of organizing, serving on, and staffing the Prescription Drug Prior Authorization Workgroup.

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