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Senate Bill 412 (Substitute S-2 as reported)  
Sponsor: Senator Curtis Hertel, Jr.  
Committee: Health Policy and Human Services

### **CONTENT**

The bill would amend the Social Welfare Act to do the following:

- Prohibit the Department of Health and Human Services (DHHS) from requiring prior authorization for certain single source brand name, generic equivalent of a multiple source brand name, or other prescription drugs to prevent the acquisition of or to treat human immunodeficiency virus.
- Prohibit the DHHS from requiring prior authorization for certain single source brand name, generic equivalent of a multiple source brand name, or other prescription drugs for the opioid withdrawal symptom management.
- Specify that Section 109h would apply to drugs being provided under a contract between the DHHS and a health maintenance organization.
- Specify that Section 109h would not prohibit the DHHS from contracting with a managed care organization (MCO) for pharmaceutical services offered under Medicaid as long as the contract complied with Section 109h's provisions.
- Modify the definition of "prior authorization".

MCL 400.190h

Legislative Analyst: Stephen Jackson

### **FISCAL IMPACT**

The bill would lead to an increase in costs for the State's Medicaid program due to the expansion of categories of medications exempt from prior authorization in Medicaid. The bill, in large part, would codify in the Public Health Code provisions included in Section 1875 of the Department of Health and Human Services budget; that boilerplate codification would not have any fiscal impact.

However, the bill also would add a new category of medications for exemption from prior authorization: opioid withdrawal symptom management. Exempting any new category of medications from prior authorization in Medicaid would increase access to and demand for the medications for Medicaid clients and likely would increase costs for Medicaid managed care organizations. As Medicaid MCO capitation rates are required by the Federal government to be actuarially sound, this cost increase would increase Medicaid MCO reimbursement.

Date Completed: 6-29-21

Fiscal Analyst: Steve Angelotti