

**PUBLIC HEALTH CODE (EXCERPT)**  
**Act 368 of 1978**

**333.9703 Pharmaceutical best practices initiative; implementation; prior authorization and appeal process; establishment of disease management and health management programs; hiring and retaining contractors, subcontractors, advisors, consultants, and agents; rules.**

Sec. 9703. (1) The department may implement a pharmaceutical best practices initiative for the department's various health care programs to control the costs of health care, to reduce the costs of prescription drugs, and to assure continued access to pharmaceutical services at fair and reasonable prices. If implemented, the initiative shall include, but is not limited to, the establishment and maintenance of each of the following:

- (a) A preferred drug list.
- (b) A prior authorization and appeal process.

(2) The prior authorization and appeal process established under subsection (1) shall include the establishment of a telephone hotline for prescribers that is accessible 24 hours per day and staffed to ensure that a response is initiated to each prior authorization request within 24 hours after its receipt and to each appeal of a prior authorization denial within 48 hours, excluding Saturday, Sunday, and legal holidays, after all necessary documentation for reconsideration is received. Each appeal for reconsideration of a previous denial for prior authorization shall be reviewed and decided by a physician.

(3) The department, in cooperation with a pharmaceutical manufacturer or its agent or another qualified contractor, may establish disease management and health management programs that may be provided, as negotiated, by the pharmaceutical manufacturer or its agent or another qualified contractor instead of a supplemental rebate for the inclusion of certain products manufactured by that pharmaceutical manufacturer on the department's preferred drug list. If the department negotiates a plan for the provision of services by the pharmaceutical manufacturer instead of a supplemental rebate as provided under this subsection, the department shall provide a written report on the effectiveness of the programs being offered and the savings incurred as a result of those programs being provided instead of supplemental rebates to the members of the house and senate appropriations subcommittees on community health.

(4) The department may hire or retain contractors, subcontractors, advisors, consultants, and agents and may enter into contracts necessary or incidental to implement this part and carry out its responsibilities and duties.

(5) The department may promulgate rules or medicaid policies to implement this part and to ensure compliance with the published medicaid bulletin that initiated this initiative.

**History:** Add. 2004, Act 250, Imd. Eff. July 23, 2004.

**Popular name:** Act 368