
MEMORANDUM

Legislative Fiscal Office
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To: Human Services Subcommittee of the Joint Committee on Ways and Means

From: Kim To, Legislative Fiscal Office, 503-986-1830

Date: June 6, 2013

Subject: SB 382 Relating to prior authorization for prescription drugs
Work Session Recommendation

SB 382 requires the Department of Consumer and Business Services, in consultation with the Oregon Health Authority, to develop by rule a form that providers in Oregon are required to use to request prior authorization for prescription drug benefit.

The measure previously had hearings in the Senate Committee on Health Care and Human Services on 4/9/2013, 4/16/2013, and 5/2/2013. A public hearing was held for the bill in this Subcommittee on 5/16/2013.

Staff measure summaries, the - A5 amendment and fiscal impact statement are attached to this memo, and available on the Oregon Legislative Information System (OLIS).

What the measure does

SB 382 requires the Department of Consumer and Business Services, in consultation with the Oregon Health Authority, to develop by rule a form that providers in Oregon are required to use to request prior authorization for prescription drug benefit. The bill details the length and content of this form. The bill contains an emergency clause, and takes effect on passage.

The amendment

The -A5 amendment adds the provisions of this bill to the Insurance Code. Provide that additional information may be requested.

Fiscal impact with the - A5 amendment

Passage of this bill is anticipated to have minimal fiscal impact for the Department of Consumer and Business Services and the Oregon Health Authority. The two agencies will use existing staff and resources comply with the provisions of this bill.

Recommendation

LFO recommends moving the - A5 amendment into the bill.

Motion

Motion: Senator/Representative _____ move the dash A5 amendment into SB 382.

Recommendation

LFO recommends the measure, as amended, be moved to the Full Committee.

Motion

Motion: Senator/Representative _____ move SB 382 with the dash A5 amendment to the Full Committee with a "do pass" recommendation as amended.

Assignment of Carriers

Full: _____

Senate: _____

House: _____

**PROPOSED AMENDMENTS TO
A-ENGROSSED SENATE BILL 382**

1 On page 1 of the printed A-engrossed bill, after line 4, insert:

2 **“SECTION 1. Section 2 of this 2013 Act is added to and made a part**
3 **of the Insurance Code.”.**

4 In line 5, delete “1” and insert “2”.

5 Delete line 11 and insert:

6 “(d) Include a provision under which additional information may be re-
7 quested and provided.”.

8 In line 13, delete “accept” and insert “allow the use of”.

9 In line 17, after “section” insert “and all supporting documentation
10 needed to process the request”.

11 In line 19, delete “2” and insert “3”.

12 In line 24, delete “1” and insert “2”.

13 On page 3, line 27, delete “3” and insert “4” and delete “Section 1” and
14 insert “Section 2”.

15 In line 28, delete “2” and insert “3”.

16 In line 33, delete “1” and insert “2”.

17 In line 34, delete “2” and insert “3”.

18 In line 35, delete “4” and insert “5”.

19

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 382 - A5

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Kim To
Reviewed by: Linda Ames, Susie Jordan
Date: 5/20/2013

Measure Description:

Directs Department of Consumer and Business Services and Oregon Health Authority to jointly develop form that providers in this state may use to request prior authorization for prescription drug benefits.

Government Unit(s) Affected:

Department of Consumer and Business Services (DCBS), Oregon Health Authority (OHA)

Analysis:

The proposed legislation has been determined to have
MINIMAL EXPENDITURE IMPACT
on state or local government.

While this individual measure has a “Minimal” fiscal impact, an agency may incur a net fiscal impact greater than minimal depending on the cumulative impact of all measures enacted into law that affect the agency.

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 382 - A

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Kim To
Reviewed by: Linda Ames, Susie Jordan
Date: 4/19/2013

Measure Description:

Directs Department of Consumer and Business Services and Oregon Health Authority to jointly develop form that providers in this state may use to request prior authorization for prescription drug benefits.

Government Unit(s) Affected:

Department of Consumer and Business Services (DCBS), Oregon Health Authority (OHA)

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

Senate Bill 382 requires the Department of Consumer and Business Services, in consultation with the Oregon Health Authority, to develop by rule a form that providers in Oregon are required to use to request prior authorization for prescription drug benefit. The bill details the length and content of this form. The bill contains an emergency clause, and takes effect on passage.

Department of Consumer and Business Services (DCBS)

Passage of this bill is anticipated to have minimal fiscal impact for the Department of Consumer and Business Services. DCBS will use existing staff and resources to work with the Oregon Health Authority and to perform the rulemaking activities required by this bill.

Oregon Health Authority (OHA)

The fiscal impact of this bill on the Oregon Health Authority is indeterminate. Although OHA anticipates using existing staff and resources to consult with DCBS in developing rules the form, the agency states that the new form will require modifications to the MMIS system. However, because the form is not yet developed, OHA cannot predict the scope of change that will be needed.

Furthermore, OHA is concerned that certain requirements for the form specified in this bill might result in a fiscal impact for its Medical Assistance Programs (MAP). The bill limits the form to two pages which limits the amount of information a payer/insurer can request. OHA reports that in some cases there may be additional information that is required to appropriately ensure safe and appropriate therapy. If the Medical Assistance Programs and coordinated care organizations are limited in the information they can request, this process could potentially expose clients to harm that could result in collateral health care costs, and the clients could end up receiving medication that is unnecessary or inappropriate.

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 4 - 0 - 1

Yeas: Knopp, Kruse, Shields, Monnes Anderson

Nays: 0

Exc.: Steiner Hayward

Prepared By: Sandy Thiele-Cirka, Administrator

Meeting Dates: 4/9, 4/16

WHAT THE MEASURE DOES: Directs Department of Consumer and Business Services (DCBS) and Oregon Health Authority (OHA) jointly develop form that health care providers in Oregon must use to request prior authorization for prescription benefits. Requires health care providers and all health benefit plan insurers, public and private, use form. Adds requirement that form include space for additional necessary information. Operative date of July 1, 2015. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Different form for each insurance company
- Need for system efficiency
- Complexities of non-uniform system
- Requirement for providers to use standardized form
- Prescription authorization complexities
- Proposed amendment

EFFECT OF COMMITTEE AMENDMENT: Replaces the measure.

BACKGROUND: Currently, insurance providers require prior authorization forms for certain medications. Often, the providers will have different forms for different medications; additionally, different insurance providers have different forms. The result is that providers generally have dedicated staff to determine the appropriate prior authorization form to use for any given insurance company. Recently a number of insurance providers in Oregon have voluntarily reduced the number of prior authorization forms they require from providers; however there are still insurance providers that have multiple forms.

Senate Bill 382-A simplifies the form to a uniform design and length to reduce the administrative costs associated with prescribing medications that require prior authorization from insurance providers.

Joint Committee on Ways and Means

Carrier – House: Rep.
Carrier – Senate: Sen.

Revenue: No revenue impact

Fiscal: Fiscal statement issued

Action:

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

Prepared By: Kim To, Legislative Fiscal Office

Meeting Date: 6/6/2013

WHAT THE MEASURE DOES: Directs Department of Consumer and Business Services (DCBS) and Oregon Health Authority (OHA) to jointly develop form that health care providers in Oregon must use to request prior authorization for prescription benefits. Requires health care providers and all health benefit plan insurers, public and private, use form. Adds requirement that form include space for additional necessary information. Operative date of July 1, 2015. Declares emergency, effective on passage.

ISSUES DISCUSSED:

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EFFECT OF COMMITTEE AMENDMENT: The -A5 amendment adds the provisions of this bill to the Insurance Code. Provide that additional information may be requested.

BACKGROUND: Currently, insurance providers require prior authorization forms for certain medications. Often, the providers will have different forms for different medications; additionally, different insurance providers have different forms. The result is that providers generally have dedicated staff to determine the appropriate prior authorization form to use for any given insurance company. Recently a number of insurance providers in Oregon have voluntarily reduced the number of prior authorization forms they require from providers; however there are still insurance providers that have multiple forms.

Senate Bill 382 simplifies the form to a uniform design and length to reduce the administrative costs associated with prescribing medications that require prior authorization from insurance providers.