

# VOTE "YES" ON HB 2517

SUPPORT HEALTHCARE PROVIDERS' ABILITY TO CARE APPROPRIATELY FOR PATIENTS



98% of providers report care delays due to prior authorization processes.



89% of providers report prior authorization, at least sometimes, leads to treatment abandonment.



60% of practices have staff who work exclusively on utilization management.<sup>i</sup>

**WHAT IS UTILIZATION MANAGEMENT?** Utilization management protocols such as prior authorization and step therapy are important cost-containment and quality assurance tools employed by insurers, but they often result in higher levels of administrative burden and can contribute to delayed care and negative patient outcomes.

**Prior authorization** is a process that requires health care providers to ask permission from an insurance company before performing certain medical procedures or prescribing certain medications for a patient.

**Step therapy** protocols require patients to try and fail one or more therapies before they can access the therapy their provider initially prescribed.

**PASSAGE OF HB 2517 WOULD NOT PROHIBIT COMMERCIAL PAYER UTILIZATION MANAGEMENT PROGRAMS. RATHER, IT WOULD ENSURE TRANSPARENT, EFFICIENT, AND FAIR PROCESSES FOR PATIENTS AND PROVIDERS.**

## LIMITING HEALTH CARE DECISIONS AT WHAT COST?



Georgia Medicaid reported pharmacy benefit savings attributable to step-therapy use of \$19.62 per member/per month for schizophrenia medications. However, these savings were offset by an increase of \$31.59 per member/per month in outpatient costs, resulting in an \$11.97 overall increase in healthcare costs.<sup>ii</sup>



The time and administrative burden associated with step therapy protocols may lead to delays or unnecessary breaks in treatment. In one study, depending on therapeutic class, 17% to 22% of patients did not submit *any* prescription claim to their insurance provider following a step therapy edit, instead forgoing treatment altogether.<sup>iii</sup>



One analysis of formulary restrictions found *increased* total costs of treatment (inpatient, medical, pharmacy) of anxiety disorders due to formulary restrictions while medication adherence *declined*. The study concluded that step therapy may be associated with an increased number of patients requiring a therapy change and who discontinue therapy early.<sup>iv</sup>

**Fiscal Impact** | Several states considering step therapy regulations issued fiscal notes indicating no, only minimal or indeterminate fiscal impact: CO, CT, IA, IN, KY, ME, NM, OK, TX, VA.<sup>v</sup> California's 2020 proposal is estimated to result in a \$0.06 increase in average premiums in the state-regulated small-group segment and the large-group market. Premiums in other commercial segments are projected to increase \$0.01 or less.<sup>vi</sup>

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## SUPPORT PATIENT ACCESS TO NECESSARY, APPROPRIATE TREATMENT

### PROVIDE REASONABLE EXCEPTIONS TO STEP THERAPY REQUIREMENTS:

- The patient has already tried and failed on the preferred medication, is already stabilized on a medication;
- The patient has already tried the medication or one with the same mechanism of action; or
- The preferred drug is not in the best interests of the patient based on medical necessity.

### REDUCE ADMINISTRATIVE BURDEN ON PATIENTS AND HEALTHCARE PROVIDERS:

- Require process for electronic submission of authorization or exception requests;
- Clarify necessary information needed to submit a completed utilization management request; and
- Specify health service authorizations are valid for at least 60 days and, for chronic disease treatments, 12 months.

### IMPROVE TRANSPARENCY AND NAVIGATION OF ADMINISTRATIVE PROCESSES:

- Require insurers to clearly identify the drugs, devices and services requiring utilization management, together with relevant exception criteria and detail process for submitting a utilization management request;
- Ensure providers will receive reason for a denied request; and
- Require insurers to provide notification of changes to utilization management within reasonable timeframe.



<sup>1</sup> Oregon Medical Association, Survey of Members, 2018. [www.theoma.org](http://www.theoma.org)

<sup>2</sup>Farley, J. et al. Retrospective assessment of Medicaid step-therapy prior authorization policy for atypical antipsychotic medications. *Clinical Therapeutics*, volume 30 Issue 8, August 2008. P1524-1539. <http://doi.org/10.1016/j.clinthera.2008.08.009>

<sup>3</sup>Yokoyama, K., et al. Effects of a step-therapy program for angiotensin receptor blockers on antihypertensive medication utilization patterns and cost of drug therapy. *Manag Care Pharm*, 2007. 13(3): P235-44. <https://www.ajmc.com/view/feb09-3917p123-131>

<sup>4</sup>Panzer PE, Regan TS, Chiao E, Sarnes MW. Implications of an SSRI generic step therapy pharmacy benefit design. *Am J Manag Care*.2005;11(12suppl):S370-S379.

<sup>5</sup>CO: [leg.colorado.gov/sites/default/files/documents/2017A/bills/fn/2017a\\_sb203\\_ft.pdf](http://leg.colorado.gov/sites/default/files/documents/2017A/bills/fn/2017a_sb203_ft.pdf)

CT: [www.cga.ct.gov/2014/fna/2014SB-00394-R00LCO05450-FNA.htm](http://www.cga.ct.gov/2014/fna/2014SB-00394-R00LCO05450-FNA.htm)

IA: [www.legis.iowa.gov/docs/publications/FN/857080.pdf](http://www.legis.iowa.gov/docs/publications/FN/857080.pdf)

IN: [iga.in.gov/legislative/2016/bills/senate/41#document-10ba4633](http://iga.in.gov/legislative/2016/bills/senate/41#document-10ba4633)

KY: [apps.legislature.ky.gov/record/12RS/sb114.html](http://apps.legislature.ky.gov/record/12RS/sb114.html)

ME: [www.mainelegislature.org/legis/bills/bills\\_129th/fiscalpdfs/FN100902.pdf](http://www.mainelegislature.org/legis/bills/bills_129th/fiscalpdfs/FN100902.pdf)

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VA: [lis.virginia.gov/cgi-bin/legp604.exe?191+oth+HB2126FER171+PDF](http://lis.virginia.gov/cgi-bin/legp604.exe?191+oth+HB2126FER171+PDF)

<sup>6</sup>California Health Benefits Review Program. Analysis of California Assembly Bill 2144 Step Therapy, A Report to the Legislature. (April 2020). [www.chbrp.org](http://www.chbrp.org)