

State Corporation Commission

2018 Fiscal Impact Statement

1. **Bill Number:** SB731

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Dunnivant

3. **Committee:** Commerce and Labor

4. **Title:** Health insurance plans; prior authorization for drug benefits or surgical procedures.

5. **Summary: Health insurance plans; prior authorization for drug benefits or surgical procedures.** Provides that prior authorization requirements currently applicable to drug benefits are applicable to the process for a carrier's approval of surgical procedures. The measure requires contracts between an insurance carrier and a participating health care provider that require the carrier's prior authorization to include provisions that prohibit the carrier, after it has approved a prior authorization request submitted by a participating health care provider, from (i) withdrawing or retracting its approval of the request or (ii) declining or refusing to pay a claim submitted for the drug benefit or surgical procedure. The measure provides that if a health plan or provider contract states that prior authorization is not required for a specific drug benefit or surgical procedure, the carrier shall not refuse to pay a claim submitted for the drug benefit or surgical procedure. The measure addresses the standards applicable to electronic submissions of requests for prior authorization and specifies that requests may be submitted in paper if the provider meets certain criteria. Finally, the measure exempts a drug benefit from prior authorization requirements if prior authorization has been approved for the drug benefit in 90 percent or more of the requests for prior authorization submitted by the provider in the preceding 12 months or if the drug is a generic medication. These provisions apply to provider contracts entered into, amended, extended, or renewed on or after January 1, 2019.

6. **Budget amendment necessary:** No

7. **Fiscal Impact Estimates:** No Fiscal Impact on the State Corporation Commission

8. **Fiscal Implications:** None on the State Corporation Commission

9. **Specific agency or political subdivisions affected:** State Corporation Commission Bureau of Insurance

10. **Technical amendment necessary:** No

11. **Other comments:** None

Date: 01/26/18/V. Tompkins