

# State Corporation Commission

## 2015 Fiscal Impact Statement

**1. Bill Number:** HB1942

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Habeeb

**3. Committee:** Commerce and Labor

**4. Title:** Health insurance; prior authorization for drug benefits.

**5. Summary:** Requires health insurance provider contracts under which a carrier has the right or obligation to require prior authorization for a drug benefit contain specific provisions that, among other things, (i) accept universal prior authorization forms; (ii) permit the electronic submission of prior authorization requests using certain electronic submission formats; (iii) address when prior authorization may be required for chronic disease management drug benefits and mental health drug benefits; (iv) require that prior authorization approved by another carrier be honored for the initial 90 days of an insured's prescription drug benefit coverage upon the carrier's receipt from the prescriber of a record demonstrating the previous carrier's prior authorization approval; (v) address when prior authorization requests are deemed to be approved; (vi) require that, if a prior authorization request is approved by the carrier, the prior authorization approval be valid for not less than one year; (vii) limit when prior authorization may be required for generic drug benefits; (viii) require that a tracking number be assigned by the carrier to all prior authorization requests and that the tracking number be provided electronically to the prescriber upon the carrier's receipt of the prior authorization request; and (ix) require that the carrier's prescription drug formularies, all drug benefits subject to prior authorization by the carrier, all of the carrier's prior authorization procedures, and all prior authorization request forms accepted by the carrier be centrally located on the carrier's website and that such postings be updated by the carrier within seven days of approved changes. These requirements do not apply when the carrier has evidence of fraud, waste, or abuse by the insured or the prescriber. The measure also requires certain entities to develop, and annually update, universal prior authorization forms and to provide the forms to the State Corporation Commission. The State Corporation Commission is required to make the universal prior authorization forms available on or before January 1, 2016, and to make revised universal prior authorization forms available annually thereafter.

**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 and the Commission's Bureau of Insurance

**10. Technical amendment necessary:** No

**11. Other comments:** None

**Date:** 01/23/15/V. Tompkins

cc: Secretary of Commerce and Trade  
Secretary of Health and Human Resources