

# HOUSE BILL REPORT

## E2SSB 5267

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### As Reported by House Committee On: Health Care & Wellness

**Title:** An act relating to developing standardized prior authorization for medical and pharmacy management.

**Brief Description:** Developing standardized prior authorization for medical and pharmacy management.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Becker, Keiser, Conway, Ericksen, Bailey, Dammeier, Frockt and Schlicher).

#### **Brief History:**

##### **Committee Activity:**

Health Care & Wellness: 3/26/13, 3/28/13 [DPA].

#### **Brief Summary of Engrossed Second Substitute Bill (As Amended by Committee)**

- Creates a work group to develop criteria to streamline the prior authorization process for prescription drugs, medical procedures, and medical tests.

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### HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** Do pass as amended. Signed by 17 members: Representatives Cody, Chair; Jinkins, Vice Chair; Schmick, Ranking Minority Member; Hope, Assistant Ranking Minority Member; Angel, Clibborn, Green, Harris, Manweller, Moeller, Morrell, Riccelli, Rodne, Ross, Short, Tharinger and Van De Wege.

**Staff:** Jim Morishima (786-7191).

#### **Background:**

Prior authorization is the requirement that a health care provider seek approval of a drug, procedure, or test before seeking reimbursement from an insurer. Health carriers and other payors use a variety of different forms for different services.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Pursuant to legislation passed in 2009, the Office of the Insurance Commissioner (OIC) designated a lead organization (OneHealthPort) to develop processes, guidelines, and standards to streamline health care administration. The OIC and OneHealthPort facilitated a work group to develop best practice recommendations, including best practice recommendations on prior authorization. The best practice recommendations on prior authorization include recommendations on browser-based prior authorization requests, standard notification timelines, and extenuating circumstances around prior authorization.

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### **Summary of Amended Bill:**

A work group is established to develop criteria to streamline the prior authorization process for prescription drugs, medical procedures, and medical tests, with the goal of simplification and uniformity. The work group is co-chaired by the Chair of the House Health Care and Wellness Committee and the Chair of the Senate Health Care Committee. Members of the work group are determined by the co-chairs and may not exceed 11 members.

The work group must examine elements that may include:

- national standard transaction information for sending or receiving authorizations electronically;
- standard transaction information and uniform prior authorization forms;
- clean, uniform, and readily accessible forms for prior authorization, including determining the appropriate number of forms;
- a core set of common data requirements for non-clinical information for prior authorization and electronic prescriptions, or both;
- the prior authorization process, which considers electronic forms and allows for flexibility for carriers to develop electronic forms; and
- existing prior authorization forms by insurance carriers and by state agencies, in developing the uniform prior authorization forms.

The work group must:

- establish timelines for urgent requests and timeliness for non-urgent requests;
- work on a receipt and missing information time frame;
- determine time limits for a response of acknowledgement of receipts or request of missing information;
- establish when an authorization request will be deemed as granted when there is no response; and
- submit its recommendations to the appropriate committees of the Legislature by November 15, 2013.

The OIC must adopt rules implementing the recommendations of the work group. The rules must take effect no later than July 1, 2014.

### **Amended Bill Compared to Engrossed Second Substitute Bill:**

The amended bill requires the OIC to adopt rules implementing the recommendations of the work group. The rules must take effect no later than July 1, 2014.

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**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on March 28, 2013.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The turnaround time for prior authorizations can take months. There can be dozens of different forms, which leads to unnecessary administrative burdens for providers and increased health care costs. Delayed treatments can lead to unnecessary patient suffering, interference with the provider-patient relationship, unresolved medical issues, and patients choosing to pay for services out-of-pocket. The prior authorization process can also be invasive to patient privacy. Prior authorization should be based on patient need and should be expeditious and simple. Streamlining the prior authorization process has been an iterative process. The future is a browser-based form that is capable of being delivered electronically. The work group should focus on prescription drug prior authorizations because the medical side is already covered by administrative rules. This bill should include an implementation process/date.

(In support with amendment(s)) Prior authorization can be an effective and appropriate cost control in the health care system. There should be a single, one-page, standardized prior authorization form that can be submitted electronically or on paper. People should not have important treatments delayed because of excessive paperwork hurdles. As the state moves forward with federal health care reform, it is important that the ground rules and expectations be clear up front. This bill should be amended to specify the final product: a single, one-page, standardized prior authorization form that can be submitted electronically or on paper. The bill should also be amended to require the work group to make decisions by simple majority, which will avoid delayed final decisions based on some fuzzy notion of consensus. The bill should also include a clear implementation process/date so the issue does not come back to the Legislature if the work group's final product is acceptable.

(Opposed) None.

**Persons Testifying:** (In support) Senator Becker, prime sponsor; Chris Bandoli, Regence; Len Sorrin, Premera; Elaine Armantrout, Physical Therapy Association of Washington; Jake Kempton, Washington State Medical Association; Jeff Rochon, Washington State Pharmacy Association; Debi Johnson, Washington State Urology Association; Stephanie Simpson, Bleeding Disorder Foundation of Washington; Erin Dziedzic, American Cancer Society and Cancer Action Network; and Michael McCann, Hero House.

(In support with amendment(s)) Patrick Connor, National Federation of Independent Business.

**Persons Signed In To Testify But Not Testifying:** None.