SENATE BILL REPORT
SB 6082

As of February 23, 2001

Title: An act relating to the establishment of a drug utilization review program and a drug prior authorization program under the medical assistance program.

Brief Description: Establishing a drug utilization review program.

Sponsors: Senators Patterson, Roach, Horn, Hale, Fairley, Haugen, Kline, McCaslin, Prentice, Gardner, T. Sheldon and West.

Brief History:
Committee Activity: Health & Long-Term Care: 2/26/01.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Jonathan Seib (786-7427)

Background: The Department of Social and Health Services administers the state Medical Assistance Program (Medicaid) providing health care services, including prescription drugs, to low-income individuals. Federal law requires that if a state program covers prescription drugs, all drugs from any manufacturer who has signed a rebate agreement must be covered.

Pursuant to federal law, the department by rule has established a Drug Utilization and Education (DUE) Council to provide advice on prescription drug issues. The rules provide that the DUE Council have from eight to ten members who are actively practicing health care professionals. It does not prescribe a particular process for the DUE Council to follow in advising the department.

The department has also established a process for prospective and retrospective drug utilization and claims reviews. All pharmacy providers are required to (1) obtain patient allergies, idiosyncracies, or chronic condition; (2) screen for potential drug therapy problems; and (3) counsel the patient consistent with federal and state laws. The rule also establishes a retrospective drug utilization review to identify patterns of fraud and abuse; gross overuse; or inappropriate or medically unnecessary care among providers and individuals receiving benefits. The department also performs periodic sampling of claims to determine if drugs are inappropriately dispensed and billed, and can take corrective action against providers.

A department rule establishes a prior authorization process to evaluate drugs to determine their prior authorization status, and may consult with the DUE Council and health providers. A drug manufacturer may provide background data on drugs, product package information, and any pertinent clinical studies. Criteria for evaluating a drug includes whether the drug is less-than-effective; has a favorable risk/benefit ratio; like other drugs; whether there is a less costly therapeutic alternative; and its potential for abuse. The department must update the list of drugs not requiring prior authorization. Manufacturers may seek a review of formulary decisions by writing the department Medical Director.

Summary of Bill: A Drug Utilization and Education Committee is established composed of 11 members to include three physicians, three pharmacists, one advanced nurse practitioner, three client advocates, and one pharmoeconomic expert to serve for staggered three-year terms. Professional members are appointed from lists submitted by respective professional organizations.

The committee is to advise and make recommendations to the department: (1) on rules for implementing a state and federally related prospective and retrospective drug utilization review program; (2) on the implementation of this program in the state; and (3) on drug utilization review criteria. In addition, it must establish a process for utilization review and periodically recommend modifications in the program, and provide a period for public comment.

Prospective utilization review uses criteria, before a drug is dispensed, to screen for potential drug problems related to therapeutic duplication, drug-disease contraindications, drug-drug interactions, incorrect dosages or duration of treatment, drug-allergy interactions, and clinical abuse or misuse. The retrospective drug utilization program uses the department's drug claims data to identify patterns of fraud and abuse, gross overuse or underuse, and inappropriate or medically unnecessary care.

A pharmacist may not alter the prescribed outpatient drug therapy without a new prescription by the physician and with the approval of the patient.

The Drug Utilization Review Committee must advise and make recommendations to the department on rules for outpatient prescription drug prior authorization; the drug prior authorization review process; on covered outpatient prescription drugs for prior authorization; and on modifications of the prior authorization process.

The prior authorization program includes a requirement for obtaining approval or denial of a drug within 24 hours after receipt of a prior authorization request. In emergencies, a 72-hour supply of prescribed drugs are dispensed and paid for by the department. The committee may review any drug to develop recommendations on placing the drug on prior authorization, giving primary consideration to clinical efficacy and patient care. Cost effectiveness may also be considered if it would not jeopardize beneficiary access to clinically efficacious prescription drugs.

In reviewing any drug for prior authorization, the committee must adhere to the following conditions: (1) a consideration of whether the drug is likely to be medically appropriate or necessary, or likely to result in adverse medical outcomes; (2) the potential impact on patient care and the potential fiscal impact; and (3) the total cost of treating the condition including nonpharmaceutical costs. The committee must afford interested parties an opportunity for oral presentations before the committee. The committee must make a formal recommendation to place a drug on prior authorization, supported by an analysis demonstrating the expected impact on clinical care received by beneficiaries, and its impact on physicians and the Medical Assistance Program. The department must provide a written decision, specifying its reasons which cannot be based on costs alone. The department must develop a grievance mechanism to hear appeals of department decisions to place a drug on prior authorization. Aggrieved parties are entitled to an administrative hearing.

Appropriation: None.

Fiscal Note: Requested February 20, 2001.

Effective Date: Ninety days after adjournment of session in which bill is passed.