Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Health Care & Wellness Committee

ESSB 6511

Brief Description: Addressing the prior authorization of health care services.

Sponsors: Senate Committee on Health Care (originally sponsored by Senators Becker and King).

Brief Summary of Engrossed Substitute Bill

- Requires the Office of the Insurance Commissioner to reauthorize efforts to develop processes, guidelines, and standards to streamline health care administration.
- Requires the Office of the Insurance Commissioner to establish a work group to develop recommendations for prior authorization requirements.

Hearing Date: 2/24/14

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.

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.

In 2013 a legislative work group was established to develop criteria to streamline the prior authorization process for prescription drugs, medical procedures, and medical tests, with the goal

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of simplification and uniformity. The work group was to submit its recommendations by November 15, 2013, and the OIC was to adopt those recommendations in rule by July 1, 2014. The work group, however, did not submit any recommendations to the Legislature and expired on January 1, 2014.

Summary of Bill:

The OIC must reauthorize the efforts with OneHealthPort and establish a work group to develop recommendations for prior authorization requirements. The prior authorization efforts must focus on the full scope of health care services, including pharmacy issues. OneHealthPort and the work group must consider the following areas:

- requiring carriers and pharmacy benefit managers to provide a listing of prior authorization requirements electronically on a web site. The listing of requirements for any procedure, supply, or service requiring prior authorization must include criteria needed by the carrier specific to the medical or procedural code, along with instructions for submitting the information, in order to allow a provider's office to submit all information needed on the initial request for prior authorization;
- requiring a carrier or pharmacy benefit manager to issue an acknowledgment of receipt or reference number for prior authorization within a specific time frame, such as within two business days of receipt of a request for prior authorization;
- recommendations for the best practices for exchanging information, including alternatives to fax requests;
- recommendations for the best practices if the provider or pharmacy benefit manager has not received the acknowledgment within the specified time frame;
- recommendations for the best practices if the carrier or pharmacy benefit manager fails to approve, deny, or respond to the request for authorization within the specified time frame and options for deeming approval;
- recommendations to refine the time frames in current administrative rules;
- recommendations to limit or eliminate the application of prior authorization to routine health care services for which a person may self-refer; and
- recommendations specific to pharmacy services, including:
    - communication between the pharmacy and the carrier or pharmacy benefit manager;
    - communication between the carrier or pharmacy benefit manager and the provider's office;
    - communication of the authorization number;
    - posting the criteria for pharmacy-related prior authorization on a web site; and
    - options for prior authorizations involving urgent and emergency care with short-term prescription fill while the authorization is obtained.

The work group must consider opportunities to align its recommendations with national mandates and regulatory guidance in the federal Health Insurance Portability and Accountability Act and the Patient Protection and Affordable Care Act. The work group must also consider opportunities to use information technologies and electronic health records to increase efficiencies in health care and re-engineer and automate age-old practices to improve business functions and timely access to care.

The work group must submit its recommendations to the OIC by October 31, 2014. The OIC must revise its rules for prior authorization with only the recommendations of the work group.

Appropriation: None.

Fiscal Note: Available on the original bill.

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