SENATE BILL REPORT
ESSB 6511

As Amended by House, March 6, 2014

Title: An act relating to prior authorization of health care services.

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

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

Brief History:
Committee Activity: Health Care: 2/04/14, 2/06/14 [DPS].
Passed Senate: 2/17/14, 47-0.
Passed House: 3/06/14, 96-0.

SENATE COMMITTEE ON HEALTH CARE

Majority Report: That Substitute Senate Bill No. 6511 be substituted therefor, and the substitute bill do pass.
Signed by Senators Becker, Chair; Dammeier, Vice Chair; Pedersen, Ranking Member; Angel, Bailey, Cleveland, Keiser and Parlette.

Staff: Mich'l Needham (786-7442)

Background: The 2013 Legislature passed E2SSB 5267, creating a prior authorization workgroup co-chaired by the chairs of the Senate and House Health Care Committees. The workgroup was developed to streamline the prior authorization process, and was directed to examine a number of areas such as timelines for various interactions and when some services could be deemed approved without a prior authorization response. The workgroup met during the interim but did not issue final recommendations prior to the expiration of the bill.

Legislation passed in 2009 directed the Office of Insurance Commissioner (OIC) to select a lead organization to focus on administrative simplification of health insurance processes. The lead organization, OneHealthPort, facilitated a workgroup with broad participation of insurance carriers, state purchasers, and providers, and produced a number of recommendations for industry best practices, many of which are reflected in rule.

There are a variety of federal requirements and guidelines for insurance transaction standards and exchange of electronic information. OneHealthPort and other workgroup participants

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have been actively engaged in the development of new federal standards and recommendations.

Summary of Engrossed Substitute Bill: OIC must reauthorize the efforts of the lead organization established for the administrative simplification efforts, and establish a new workgroup to develop recommendations for prior authorization requirements. The focus of the prior authorization efforts must include the full scope of health care services, including pharmacy issues.

The workgroup must submit recommendations to OIC by October 31, 2014, and OIC must revise the rules for prior authorization with the recommendations of the workgroup and only those recommendations.

A number of areas are identified for the workgroup to consider including the following:
- requiring carriers and pharmacy benefit managers to list prior authorization requirements on a website;
- requiring a carrier or pharmacy benefit manager to issue an acknowledgment of receipt within a specified timeframe;
- recommendations for best practices for exchanging information, including alternatives to fax requests;
- recommendations for the best practices if acknowledgement has not been received within the specified timeframe;
- recommendations if the carrier or pharmacy benefit manager fails to approve, deny, or respond to the request within a specified timeframe and options for deeming approval;
- recommendations to refine timeframes in current 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 options and required information, and options for prior authorizations involving urgent and emergent care that might allow a short-term fill of a medication while the authorization is obtained.

The workgroup must consider opportunities to align with national mandates and regulatory guidance, and use information technologies and electronic health records to increase efficiencies in health care and automate business functions to ensure timely access to care for patients.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: We held some workgroup meetings and did not come to complete consensus. This bill will keep the conversation

moving and help streamline the processes that interfere with or delay care. Prior authorization is burdensome. Carriers and pharmacy benefit managers put up road blocks to patient care, so we need to standardize the process and make it more efficient to access care. I support OIC making rules but have concerns with the workgroup since the former workgroup did not tackle the pharmacy process. OIC rules hold promise to ensure the process in standardized. I would love to see the goals include a standardized form, and representation on the workgroup identified. We would like to see the section on OIC rules modified so the rules represent the recommendations of the workgroup and only those recommendations to ensure there is no latitude to deviate from the recommendations. We would recommend that the workgroup focus on pharmacy issues alone. There are already federal and state laws and regulations on the medical side and the pharmacy work issues are the big issue. We would like to reference the federal standards to ensure the workgroup follows the existing guidelines. Pushing the due date out to a year after the effective date would allow more time for the workgroup to complete all this work. The workgroup is open to all so it is not necessary to spell out participation. We appreciate the chair keeping this issue moving. Prior authorization and administrative processes can take 20 hours per week for providers. The rulemaking is good and compels the recommendations to move forward to implementation. The rulemaking process allows additional input by law. There is no reason to delay the workgroup due date since there has been a year of work and there should be no more foot dragging on standardizing the processes and improving timely access to treatment and medications.

Persons Testifying: PRO: Senator Becker, prime sponsor; Kerry Hernandez, Valley Medical Center; Peter Newbould, Autoimmune Advocacy Alliance; Leonard Sorrin, Premera Blue Cross; Sydney Zvara, Assn. of WA Healthcare Plans; Mel Sorensen, America's Health Insurance Plans, Express Scripts; Patrick Connor, National Federation of Independent Business, WA; Mary McHale, American Cancer Society Cancer Action Network; Chris Bandoli, Regence BlueShield; Katie Kolan, WA State Medical Assn.

House Amendment(s):

- Removes the requirement that the workgroup make recommendations to limit or eliminate the application of prior authorization to routine health care services for which a person may self-refer.
- Requires the Insurance Commissioner to adopt rules implementing the recommendations of the workgroup; the underlying bill required the Commissioner to revise the rules for prior authorization with the workgroup's recommendations. Prohibits the rules from expanding or limiting the workgroup's recommendations.