SENATE BILL REPORT
SB 5324

As of February 5, 2025

Title: An act relating to aligning the implementation of application programming interfaces for prior authorization with federal guidelines.

Brief Description: Aligning the implementation of application programming interfaces for prior authorization with federal guidelines.

Sponsors: Senators Cleveland, Muzzall, Nobles and Slatter.

Brief History:
Committee Activity: Health & Long-Term Care: 2/07/25.

Brief Summary of Bill

- Modifies the requirements for prior authorization application programming interfaces to align with the federal rules and sets an enforcement date of January 1, 2027.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Greg Attanasio (786-7410)

Background: Prior authorization is the requirement that a health care provider seek approval of a drug, procedure, or test before receiving reimbursement from a health carrier. Health carriers may impose different prior authorization standards and criteria for a covered service among tiers of contracting providers. In 2023, the Legislature passed HB 1357, establishing timeframes for standard and expedited prior authorization requests for health plans offered by health carriers, health plans offered to public or school employees, retirees, and their dependents, and Medicaid coverage offered through managed care organizations.

Health carriers, health plans, and managed care organizations must build and maintain a prior authorization application programming interface that automates the process for

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determining the necessity for a prior authorization, identifying information and documentation requirements, and facilitating the exchange of prior authorization requests and determinations. The application programming interface must use Health Level 7 Fast Healthcare Interoperability Resources, automate the prior authorization determination process, allow providers to query prior authorization documentation requirements, support automated compiling and exchange of necessary data elements to populate the prior authorization requirements, and indicate that prior authorization denials or authorizations of less intensive services are adverse benefit determinations subject to grievance and appeal processes. As an alternative to using an application programming interface, health carriers, health plans, and managed care organizations may establish an interoperable electronic process for prior authorizations related to prescription drugs.

The application programming interface must support prior authorization requests and determinations for health care services beginning January 1, 2025, and for prescription drugs beginning January 1, 2027. If federal regulations on the application programming interface standards are not finalized by September 13, 2023, the commencement date for standards related to health care services will be delayed until January 1, 2026.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): The statutorily defined specifications and functionality requirements for application programming interfaces that health carriers, health plans, and managed care organizations must implement to automate the prior authorization process when health care services are removed. Health carriers, health plans, and managed care organizations must establish and maintain a prior authorization application programming interface that is consistent with final rules issued by the federal Centers for Medicare and Medicaid Services and published in the federal register, and that indicates that a prior authorization denial or authorization of a service less intensive than that included in the original request is an adverse benefit determination and is subject to the carrier's grievance and appeal process. Enforcement of this requirement must begin January 1, 2027.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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