

PREFERRED PRESCRIPTION DRUG LIST

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Allen M. Christensen

House Sponsor: James A. Dunnigan

LONG TITLE

General Description:

This bill amends the Medical Assistance Act of the Health Code.

Highlighted Provisions:

This bill:

- ▶ amends provisions related to the Medicaid drug program;
- ▶ deletes language related to the department study of drug programs in 2003 and the department report to the Executive Appropriations Committee in 2003;
- ▶ permits the department to develop a Medicaid drug program that may include placing some drugs on a preferred drug list; and
- ▶ requires the department to report on any drug program by August 2008.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

26-18-2.4, as enacted by Chapter 324, Laws of Utah 2003

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **26-18-2.4** is amended to read:



28 **26-18-2.4. Medicaid drug program.**

29 (1) A Medicaid drug program developed by the department under Subsection 26-18-2.3

30 (2)(f):

31 (a) shall, notwithstanding Subsection 26-18-2.3(1)(b), be based on clinical and
32 cost-related factors which include medical necessity as determined by a provider in accordance
33 with administrative rules established by the Drug Utilization Review Board; [~~and~~]34 (b) may include therapeutic categories of drugs that may be exempted from the drug
35 program[-]; ~~§~~ → **[and]** ← ~~§~~36 [~~(2)(a)(i) The department shall study the Medicaid drug program for fiscal year
37 2003-04, but may not implement the program unless the department reports its findings and
38 recommendations, including any proposed rules to the Legislative Executive Appropriations
39 Committee and Legislative Management Committee at their August 2003 meeting, or if a
40 meeting is not held in August, at the September 2003 meeting, for their review and
41 recommendations.]~~]42 [~~(ii) The Legislative Executive Appropriations Committee and Legislative
43 Management Committee shall review the Medicaid drug program proposed by the department
44 and may:]~~]45 [~~(A) recommend that the department implement the drug program;]~~]46 [~~(B) recommend that the department modify the drug program;]~~]47 [~~(C) recommend that the department terminate the drug program; or]~~]48 [~~(D) recommend to the governor that he call a special session of the Legislature to
49 review and approve the drug program.]~~]50 [~~(b) The department may use the Medicaid drug program developed and approved
51 under Subsection (2)(a) in subsequent fiscal years.]~~]52 [~~(3) The department shall report its findings and recommendations regarding the
53 Medicaid drug program to the Legislative Health and Human Services Interim Committee by
54 August 30, 2003, and to the Legislative Health and Human Services Appropriations
55 Subcommittee during the 2004 General Session.]~~]56 (c) may include placing some drugs ~~§~~ → **, except psychotropic or anti-psychotic drugs,** ← ~~§~~
57a **on a preferred drug list to the extent determined**57 **appropriate by the department.** ~~§~~ → ; **and**57a **(d)(i) except as prohibited by Subsections 58-17b-606(4) and (5), shall permit a health care
57a1 provider with prescriptive authority to override the** ← ~~§~~

57b **§→ restrictions of a preferred drug list provided that the medical necessity for the override is**
57c **documented in the patient's medical file and by handwriting on the prescription**

57d **" medically necessary - dispense as written"; and**

57e **(ii) shall not permit a health care provider with prescriptive authority to override the**
57f **restrictions of a preferred drug list with any preprinted instructions for dispense as written, or no**
57h **substitutions allowed ←§**

58 **(2) If the department implements a drug program under the provisions of Subsection**

59 (1)(c), the department shall ~~§~~ :
59a (a) determine the percentage of prescriptions that are paid for by the department which are
59b overrides to the preferred drug list under Subsection (d)(i);
59c (b) include the information required by Subsection (2)(a) in the report required by Subsection
59d (2)(c); and
59e (c) ~~←~~ report its findings regarding the drug program to the Legislative
60 Health and Human Services Interim Committee by August 30, 2008, and to the Legislative
61 Health and Human Services Appropriations Subcommittee during the 2009 General Session.

Legislative Review Note
as of 12-6-06 7:33 AM

Office of Legislative Research and General Counsel

S.B. 42 - Preferred Prescription Drug List - As Amended

Fiscal Note

2007 General Session

State of Utah

State Impact

Enactment of this bill could reduce Medicaid pharmaceutical expenses. The amount of benefit will depend on the type and number of drug categories implemented through a Preferred Drug List (PDL) and the number of times prescribing physicians elect to by pass the Preferred Drug List. A net savings estimate from an initial six categories would reduce Medicaid General Fund expenditures by \$2,743,800 and total funding by approximately \$9,831,900 the first year. There may be additional savings due to a potential secondary rebate from pharmaceutical companies. Savings to the State could increase in the future as more drug categories are added to the Preferred Drug List.

It is anticipated that a full Preferred drug List would be phased in over a period of years. The implementation and ongoing management costs are estimated to total \$282,500 General Fund and \$415,500 Federal Funds. The savings listed for the two years are net of the implementation costs.

	FY 2007	FY 2008	FY 2009	FY 2007	FY 2008	FY 2009
	<u>Approp.</u>	<u>Approp.</u>	<u>Approp.</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
General Fund	\$0	(\$2,743,800)	(\$2,743,800)	\$0	\$0	\$0
Federal Funds	\$0	(\$7,088,100)	(\$7,088,100)	\$0	(\$7,088,100)	(\$7,088,100)
Total	\$0	(\$9,831,900)	(\$9,831,900)	\$0	(\$7,088,100)	(\$7,088,100)

Individual, Business and/or Local Impact

Enactment of this bill may result in lower co-pays by up to 25 percent less for users of Medicaid pharmaceuticals. Implementation would likely not result in direct, measurable costs and/or benefits for businesses or local governments.