

HEALTH CODE AMENDMENTS

2010 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Allen M. Christensen

House Sponsor: _____

LONG TITLE

General Description:

This bill amends the Medicaid program in the Health Code.

Highlighted Provisions:

This bill:

- ▶ allows mental health drugs to be placed on the prior approval program; and
- ▶ appropriates money saved from placing some mental health drugs on the preferred drug list to fund physician reimbursement, mental health services, and dental services in the Medicaid program.

Monies Appropriated in this Bill:

This bill appropriates as an ongoing appropriation subject to future budget constraints from the General Fund:

- ▶ to the Medicaid program for fiscal year 2010-11:
 - \$400,000 for physician reimbursement;
 - \$100,000 for emergency dental services for optional but currently covered Medicaid populations; and
 - \$300,000 for mandatory dental service providers; and
- ▶ \$600,000 to the Department of Human Services - Division of Substance Abuse and Mental Health, for fiscal year 2010-11, to support community mental health services.

Other Special Clauses:



28 None

29 **Utah Code Sections Affected:**

30 AMENDS:

31 **26-18-2.4**, as last amended by Laws of Utah 2009, Chapter 324



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

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

35 **26-18-2.4. Medicaid drug program -- Preferred drug list.**

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

37 (2)(f):

38 (a) shall, notwithstanding Subsection 26-18-2.3(1)(b), be based on clinical and
39 cost-related factors which include medical necessity as determined by a provider in accordance
40 with administrative rules established by the Drug Utilization Review Board;

41 (b) may include therapeutic categories of drugs that may be exempted from the drug
42 program;

43 (c) may include placing some drugs, except the drugs described in Subsection (2), on a
44 preferred drug list to the extent determined appropriate by the department;

45 (d) notwithstanding the requirements of Part 2, Drug Utilization Review Board, shall
46 immediately implement the prior authorization requirements for a non-preferred drug that is in
47 the same therapeutic class as a drug that is:

48 (i) on the preferred drug list on the date that this act takes effect; or

49 (ii) added to the preferred drug list after this act takes effect; and

50 (e) except as prohibited by Subsections 58-17b-606(4) and (5), the prior authorization
51 requirements established under Subsections (1)(c) and (d) shall permit a health care provider or
52 the health care provider's agent to obtain a prior authorization override of the preferred drug list
53 through the department's pharmacy prior authorization review process, which shall:

54 (i) provide either telephone or fax approval or denial of the request within 24 hours of
55 the receipt of a request that is submitted during normal business hours of Monday through
56 Friday from 8 am to 5 pm;

57 (ii) provide for the dispensing of a limited supply of a requested drug as determined
58 appropriate by the department in an emergency situation, if the request for an override is

59 received outside of the department's normal business hours; and

60 (iii) require the health care provider to provide the department with documentation of
61 the medical need for the preferred drug list override in accordance with criteria established by
62 the department in consultation with the Pharmacy and Therapeutics Committee.

63 (2) (a) For purposes of this Subsection (2), "immunosuppressive drug":

64 (i) means a drug that is used in immunosuppressive therapy to inhibit or prevent
65 activity of the immune system to aid the body in preventing the rejection of transplanted organs
66 and tissue; and

67 (ii) does not include drugs used for the treatment of autoimmune disease or diseases
68 that are most likely of autoimmune origin.

69 (b) A preferred drug list developed under the provisions of this section may not
70 include~~[-(i) a psychotropic or anti-psychotic drug; or (ii)]~~ an immunosuppressive drug.

71 (c) The state Medicaid program shall reimburse for a prescription for an
72 immunosuppressive drug as written by the health care provider for a patient who has undergone
73 an organ transplant. For purposes of Subsection 58-17b-606(4), and with respect to patients
74 who have undergone an organ transplant, the prescription for a particular immunosuppressive
75 drug as written by a health care provider meets the criteria of demonstrating to the Department
76 of Health a medical necessity for dispensing the prescribed immunosuppressive drug.

77 (d) Notwithstanding the requirements of Part 2, Drug Utilization Review Board, the
78 state Medicaid drug program may not require the use of step therapy for immunosuppressive
79 drugs without the written or oral consent of the health care provider and the patient.

80 (3) The department shall report to the Health and Human Services Interim Committee
81 and to the Health and Human Services Appropriations Subcommittee prior to November 1,
82 2010 regarding the savings to the Medicaid program resulting from the use of the preferred
83 drug list permitted by Subsection (1).

84 **Section 2. Appropriation.**

85 This bill appropriates as an ongoing appropriation subject to future budget constraints
86 from the General Fund to:

87 (1) the Medicaid program for fiscal year 2010-11:

88 (a) \$400,000 for physician reimbursement;

89 (b) \$100,000 for emergency dental services for optional but currently covered

90 Medicaid populations; and
91 (c) \$300,000 for mandatory dental service providers; and
92 (2) the Department of Human Services - Division of Substance Abuse and Mental
93 Health, for fiscal year 2010-11, \$600,000 to support community mental health services.

Legislative Review Note
as of 3-1-10 9:17 AM

Office of Legislative Research and General Counsel

S.B. 241 - Health Code Amendments

Fiscal Note

2010 General Session
State of Utah

State Impact

The legislation generates savings of (\$933,000) General Fund and (\$2,361,600) federal funds in FY 2011. Additionally, the legislation generates ongoing savings of (\$1,440,100) General Fund and (\$3,548,100) federal funds beginning in FY 2012.

The legislation appropriates to the Department of Health ongoing General Fund of \$800,000 beginning in FY 2011. This appropriation draws down \$2,460,000 in federal funds in FY 2011 and \$1,971,000 in federal funds in FY 2012.

The legislation also appropriates \$600,000 ongoing General Fund to the Department of Human Services beginning in FY 2011. This \$600,000 General Fund for Human Services results in \$600,000 in Dedicated Credits for the Department of Health, when the money is transferred for matching for local providers of mental health services.

The total General Fund impact to the State is a cost of \$467,000 in FY 2011 and savings of (\$40,100) in FY 2012. The total federal funds impact to the State is a cost of \$98,400 in FY 2011 and savings of (\$1,577,100) in FY 2012.

	<u>FY 2010</u> <u>Approp.</u>	<u>FY 2011</u> <u>Approp.</u>	<u>FY 2012</u> <u>Approp.</u>	<u>FY 2010</u> <u>Revenue</u>	<u>FY 2011</u> <u>Revenue</u>	<u>FY 2012</u> <u>Revenue</u>
General Fund	\$0	\$467,000	(\$40,100)	\$0	\$0	\$0
Federal Funds	\$0	\$98,400	(\$1,577,100)	\$0	\$0	\$0
Dedicated Credits	\$0	\$600,000	\$600,000	\$0	\$0	\$0
Total	\$0	\$1,165,400	(\$1,017,200)	\$0	\$0	\$0

Individual, Business and/or Local Impact

The savings listed above come through lower drug reimbursements to pharmacies. Medicaid mandatory dental providers and physicians will receive higher reimbursement for their services. Some individuals on Medicaid will be able to obtain emergency dental services. Local governments and businesses that provide community health services may receive additional funding.