

MEDICAID AMENDMENTS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Allen M. Christensen

House Sponsor: James A. Dunnigan

LONG TITLE

General Description:

This bill amends the Medicaid drug program.

Highlighted Provisions:

This bill:

- ▶ amends the Medicaid drug program to remove restrictions on the preferred drug list program; and
- ▶ requires a report from the Department of Health regarding cost savings to the Medicaid drug program from the use of a preferred drug list.

Money Appropriated in this Bill:

This bill appropriates:

- ▶ as an ongoing appropriation subject to future budget constraints for fiscal year 2011-12:
 - \$200,000 from the General Fund to the Department of Health - Medicaid Optional Services subject to intent language to be spent to restore emergency dental services; and
 - \$615,000 from the General Fund to the Department of Human Services - Mental Health Services.

Other Special Clauses:

None

Utah Code Sections Affected:



28 AMENDS:

29 **26-18-2.4**, as last amended by Laws of Utah 2009, Chapter 324



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

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

33 **26-18-2.4. Medicaid drug program -- Preferred drug list.**

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

35 (2)(f):

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

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

41 (c) may include placing some drugs[~~except the drugs described in Subsection (2),~~] on
42 a preferred drug list to the extent determined appropriate by the department;

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

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

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

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

52 (i) provide either telephone or fax approval or denial of the request within 24 hours of
53 the receipt of a request that is submitted during normal business hours of Monday through
54 Friday from 8 a.m. to 5 p.m.;

55 (ii) provide for the dispensing of a limited supply of a requested drug as determined
56 appropriate by the department in an emergency situation, if the request for an override is
57 received outside of the department's normal business hours; and

58 (iii) require the health care provider to provide the department with documentation of

59 the medical need for the preferred drug list override in accordance with criteria established by
60 the department in consultation with the Pharmacy and Therapeutics Committee.

61 ~~[(2) (a) For purposes of this Subsection (2), "immunosuppressive drug":]~~

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

65 ~~[(ii) does not include drugs used for the treatment of autoimmune disease or diseases
66 that are most likely of autoimmune origin.]~~

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

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

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

78 ~~[(3)]~~ (2) The department shall report to the Health and Human Services Interim
79 Committee and to the Health and Human Services Appropriations Subcommittee prior to
80 November 1, ~~[2010]~~ 2013, regarding the savings to the Medicaid program resulting from the
81 use of the preferred drug list permitted by Subsection (1).

82 **Section 2. Appropriation.**

83 (1) Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act,
84 the following sums of money are appropriated from resources not otherwise appropriated out of
85 the funds or accounts indicated for the fiscal year beginning July 1, 2011 and ending June 30,
86 2012. These are additions to amounts previously appropriated for fiscal year 2012.

87 Item 1 To Department of Human Services - Division of Substance Abuse and Mental Health

88 From General Fund \$615,000

89 Schedule of Programs:

90	<u>Mental Health Centers</u>	<u>\$615,000</u>
91	<u>Item 2 To Department of Health - Medicaid Optional Services</u>	
92	<u>From General Fund</u>	<u>\$200,000</u>
93	<u>Schedule of Programs:</u>	
94	<u>Dental Services</u>	<u>\$200,000</u>
95	<u>(2) The Legislature intends that the money appropriated for dental services in this bill</u>	
96	<u>be used to restore emergency dental services.</u>	

Legislative Review Note
as of 1-27-11 3:07 PM

Office of Legislative Research and General Counsel

FISCAL NOTE

S.B. 137

SHORT TITLE: Medicaid Amendments

SPONSOR: Christensen, A.

2011 GENERAL SESSION, STATE OF UTAH

STATE GOVERNMENT (UCA 36-12-13(2)(b))

This bill saves the Department of Health \$1,020,300 General Fund and \$2,402,100 federal funds in FY 2012 and saves ongoing \$1,470,300 General Fund and \$3,605,100 federal funds beginning in FY 2013 from less drug expenses in Medicaid. This bill also provides ongoing appropriations beginning in FY 2012 of \$200,000 to the Department of Health for emergency dental services and \$615,000 to the Department of Human Services for mental health services. The \$200,000 for the Department of Health will be matched to annually draw down \$490,100 in federal funds beginning in FY 2012.

STATE BUDGET DETAIL TABLE

	FY 2011	FY 2012	FY 2013
Revenue	\$0	\$0	\$0
Expenditure:			
General Fund	\$0	(\$655,300)	(\$655,300)
General Fund, One-Time	\$0	\$450,000	\$0
Federal Funds	\$0	(\$1,912,000)	(\$3,115,000)
Total Expenditure	\$0	(\$2,117,300)	(\$3,770,300)
Net Impact, All Funds (Rev.-Exp.)	\$0	\$2,117,300	\$3,770,300
Net Impact, General/Education Funds	\$0	\$205,300	\$655,300

LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

This bill appropriates \$615,000 ongoing General Fund for 13 local mental health authorities which can use these funds to draw down federal funds.

DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

The bill appropriates \$690,100 for about 25,000 new emergency dental services for Medicaid clients provided by businesses. The savings listed above for less drug expenses in Medicaid come through lower drug reimbursements to pharmacies.