

Senator Allen M. Christensen proposes the following substitute bill:

MEDICAID AMENDMENTS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Allen M. Christensen

House Sponsor: _____

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;
- ▶ requires the department to authorize a nonpreferred immunosuppressant and psychotropic drug when the patient is stabilized;
- ▶ 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 years 2012 forward, \$615,000 from the General Fund to the Department of Human Services - Mental Health Services, with the exception that for fiscal year 2011-12 there is a one-time appropriation of \$105,300 from the General Fund to the Department of Human Services - Mental Health Services; and
- ▶ as an ongoing appropriation subject to future budget constraints for fiscal years



26 2012 forward, \$200,000 from the General Fund to the Department of Health - Medicaid
27 Optional Services - Dental Services, with the exception that for fiscal year 2011-12 there is no
28 appropriation to the Department of Health-Medicaid Optional Services - Dental Services.

29 **Other Special Clauses:**

30 None

31 **Utah Code Sections Affected:**

32 AMENDS:

33 **26-18-2.4**, as last amended by Laws of Utah 2009, Chapter 324



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

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

37 **26-18-2.4. Medicaid drug program -- Preferred drug list.**

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

39 (2)(f):

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

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

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

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

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

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

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

56 (i) provide either telephone or fax approval or denial of the request within 24 hours of

57 the receipt of a request that is submitted during normal business hours of Monday through
58 Friday from 8 a.m. to 5 p.m.;

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

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

65 (2) (a) For purposes of this Subsection (2)[;]:

66 (i) "Immunosuppressive drug":

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

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

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

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

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

83 (ii) "Psychotropic drug" means the following classes of drugs: atypical anti-psychotic,
84 anti-depressants, anti-convulsant/mood stabilizer, anti-anxiety, Attention Deficit Hyperactivity
85 Disorder stimulants, or sedative/hypnotics.

86 (iii) "Stabilized" means a health care provider has documented in the patient's medical
87 chart that a patient has achieved a stable or steadfast medical state within the past 180 days

88 using a particular psychotropic drug.

89 (b) The department shall grant a prior authorization for a psychotropic drug or an
90 immunosuppressive drug that is not on the preferred drug list for a patient who is stabilized on
91 the drug.

92 (c) A prior authorization granted under Subsection (2)(b) is valid for one year from the
93 date the department grants the prior authorization and shall be renewed in accordance with
94 Subsection (2)(b).

95 (3) The department shall report to the Health and Human Services Interim Committee
96 and to the Health and Human Services Appropriations Subcommittee prior to November 1,
97 [2010] 2013, regarding the savings to the Medicaid program resulting from the use of the
98 preferred drug list permitted by Subsection (1).

99 Section 2. **Appropriation.**

100 (1) Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act,
101 the following sums of money are appropriated from resources not otherwise appropriated out of
102 the funds or accounts indicated for the fiscal year beginning July 1, 2011, and ending June 30,
103 2012. These are additions to amounts previously appropriated for fiscal year 2011-12.

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

105 From General Fund \$615,000

106 From General Fund, one-time (\$509,700)

107 Schedule of Programs:

108 Mental Health Centers \$105,300

109 Item 2 To Department of Health - Medicaid Optional Services

110 From General Fund \$200,000

111 From General Fund, one-time (\$200,000)

112 Schedule of Programs:

113 Dental Services -0-

114 (2) The Legislature intends that the ongoing money appropriated for dental services in
115 this bill be used to restore emergency dental services.

FISCAL NOTE

S.B. 137 3rd Sub. (Ivory)

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 \$1,033,800 ongoing General Fund beginning in FY 2012, offset by one-time General Fund of \$953,700 in FY 2012 and \$6,300 in FY 2013. It saves \$196,300 federal funds in FY 2012 and \$2,519,200 federal funds in FY 2013 from fewer Medicaid drug expenses. This bill appropriates \$200,000 ongoing General Fund to the Department of Health in FY 2012 for emergency dental services, offset by a negative one-time General Fund appropriation of \$200,000 in FY 2012. It also appropriates \$615,000 ongoing General Fund to the Department of Human Services for mental health services offset by a negative one-time General Fund appropriation of \$509,700 in FY 2012. The \$200,000 for the Department of Health will be matched to annually draw down \$490,100 in federal funds beginning in FY 2013.

STATE BUDGET DETAIL TABLE

	FY 2011	FY 2012	FY 2013
Revenue	\$0	\$0	\$0
Expenditure:			
General Fund	\$0	\$200,000	\$200,000
General Fund	\$0	\$615,000	\$615,000
General Fund	\$0	(\$1,033,800)	(\$1,033,800)
General Fund, One-Time	\$0	(\$509,700)	\$0
General Fund, One-Time	\$0	(\$200,000)	\$0
General Fund, One-Time	\$0	\$953,700	\$6,300
Federal Funds	\$0	\$0	\$490,100
Federal Funds	\$0	(\$196,300)	(\$2,519,200)
Total Expenditure	\$0	(\$171,100)	(\$2,241,600)
Net Impact, All Funds (Rev.-Exp.)	\$0	\$171,100	\$2,241,600
Net Impact, General/Education Funds	\$0	(\$25,200)	\$212,500

FISCAL NOTE

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SPONSOR: Christensen, A.

2011 GENERAL SESSION, STATE OF UTAH

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

This bill appropriates \$105,300 General Fund in FY 2012 and \$615,000 General Fund beginning in FY 2013 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 beginning in FY 2013 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.