Department of Legislative Services

Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 887 (Delegate Pena-Melnyk, *et al.*)
Health and Government Operations Finance

Health Insurance - Prior Authorization for Drug Products to Treat an Opioid Use Disorder - Prohibition

This emergency bill prohibits insurers, nonprofit health service plans, and health maintenance organizations (collectively known as carriers) that provide coverage for substance use disorder benefits under the medical benefit or for prescription drugs, including coverage through a pharmacy benefits manager (PBM), from applying a preauthorization requirement for a prescription drug (1) when used for treatment of an opioid use disorder and (2) that contains methadone, buprenorphine, or naltrexone.

The bill applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after the effective date.

Fiscal Summary

State Effect: Minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) in FY 2017 and 2018 from the $125 rate and form filing fee. Review of filings can likely be handled with existing MIA resources. Expenditures for the State Employee and Retiree Health and Welfare Benefits Program (State Plan) increase by an indeterminate amount beginning in FY 2018, as discussed below.

Local Effect: Minimal increase in health care expenditures for local governments that purchase fully insured health benefit plans. Revenues are not affected.

Small Business Effect: Minimal.

Analysis

Current Law: Maryland's mental health parity law (§ 15-802 of the Insurance Article) prohibits discrimination against an individual with a mental illness, emotional disorder, or substance use disorder by failing to provide benefits for the diagnosis and treatment of these illnesses under the same terms and conditions that apply for the diagnosis and treatment of physical illnesses.

The federal Mental Health Parity and Addiction Equity Act (MHPAEA) requires group health plans of large employers, as well as qualified health plans sold in health insurance exchanges and in the small group and individual markets as of January 1, 2014, to equalize health benefits for addiction and mental health care and medical and surgical services in many fundamental ways. MHPAEA prohibits group health plans from imposing separate or more restrictive financial requirements or treatment limitations on mental health and substance use disorder benefits than those imposed on other general medical benefits. MHPAEA also imposes nondiscrimination standards on medical necessity determinations.

Background: Methadone, buprenorphine, and naltrexone are used in medication-assisted treatment (MAT) to help people reduce or quit their use of heroin or other opiates. Methadone has been used for decades to treat heroin and narcotic pain medicine addictions and can only be provided through a certified opioid treatment program. Buprenorphine was the first medication to treat opioid addiction that is permitted to be prescribed or dispensed in physician's offices. Naltrexone is used to treat both opioid use disorders and alcohol use disorders. Naltrexone can be prescribed by any health care provider who is licensed to prescribe medications.

According to the federal Substance Abuse and Mental Health Services Administration, in 2013, an estimated 1.8 million people had an opioid use disorder related to prescription pain relievers, and about 517,000 had an opioid use disorder related to heroin use. MAT has proven to be clinically effective and to significantly reduce the need for inpatient detoxification services for these individuals. MAT provides a more comprehensive, individually tailored program of medication and behavioral therapy. MAT also includes support services that address the needs of most patients. Many carriers require prior authorization for medications used to treat substance use disorders. However, prior authorization requirements pose a barrier to treatment.

New York Attorney General Eric T. Schneiderman has worked with health insurers Cigna and Anthem to end the carriers' policies of requiring prior authorization for MAT as part of the state's initiative to increase access to treatment for opioid use disorders.

State Fiscal Effect: The State Plan is largely self-insured for its medical contracts and, as such, with the exception of the one fully insured integrated health model medical plan

(Kaiser), is not subject to this mandate. However, the State Plan generally provides coverage for mandated health insurance benefits. The Department of Budget and Management (DBM) advises that prescription drug coverage provided through the State Plan's PBM, Express Scripts (which is not subject to this mandate), does not currently require prior authorization for methadone, buprenorphine, or naltrexone. However, prior authorization is required through the Kaiser plan. Thus, the bill may increase premium costs for this plan beginning in fiscal 2018, which are paid by both the State and participants in the Kaiser plan. DBM advises that the amount of any such premium increase is indeterminate.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Substance Abuse and Mental Health Services Administration; Department of Budget and Management; Department of Health and Mental Hygiene; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

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