

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1546 (Delegate Hill, *et al.*)
Health and Government Operations

Pharmacy Benefits Managers - Requirements for Prior Authorization

This bill prohibits a pharmacy benefits manager (PBM) from requiring prior authorization for coverage of specified drugs prescribed in an emergency situation. The bill also establishes requirements for a prior authorization form used by a PBM and prohibits a PBM from requesting prior authorization in specified circumstances. A PBM must maintain a specified database of information received from prior authorization forms and must establish specified lists of alternative prescription drugs that do not require prior authorization.

Fiscal Summary

State Effect: Minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee in FY 2019 only. Review of filings can likely be handled with existing resources.

Local Effect: The bill does not directly affect local governmental operations or finances.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Prior Authorization for Prescriptions Prescribed in Emergency Situations

The bill prohibits a PBM from requiring prior authorization for coverage of (1) the length of an initial prescription for a nonnarcotic or nonbenzodiazepine drug that is prescribed in

an emergency situation or (2) no more than 72 hours of an initial prescription for a narcotic or benzodiazepine prescribed in an emergency situation. After a drug is dispensed, a PBM may require a prescriber to certify that the prescription was prescribed in an emergency situation.

Prior Authorization Forms for Prescription Drugs

A prior authorization form for a prescription drug must include a question regarding whether the prescription is for a chronic or long-term condition for which the prescription may be necessary for the life of the patient. If a prescriber indicates as such, a PBM may not request reauthorization for the same prescription drug.

Database of Prior Authorization Information

A PBM must maintain a database of information received from prior authorization forms that allows a prescriber to update the information without resubmitting information that has not changed for the same patient and condition.

List of Alternative Prescription Drugs

For each prescription drug that requires a prior authorization from a PBM, the PBM must establish a list of alternative prescription drugs that do not require prior authorization. In the same communication in which a PBM (or its agent) requests a prior authorization for a prescription drug, the PBM (or its agent) must provide the prescriber with a list of alternative prescription drugs in the same class and family as the requested drug that do not require prior authorization.

Current Law: A PBM is a business that administers and manages prescription drug benefit plans for purchasers. A PBM must register with MIA prior to providing pharmacy benefits management services. The Insurance Commissioner is authorized to examine the affairs, transactions, accounts, and records of a registered PBM at the PBM's expense. A PBM is prohibited from shipping, mailing, or delivering prescription drugs or devices to a person in the State through a nonresident pharmacy unless the nonresident pharmacy holds a nonresident pharmacy permit from the State Board of Pharmacy.

Small Business Effect: Small business prescribers likely experience operational efficiencies (and potentially a reduction in expenditures) in prescribing prescription drugs and obtaining prior authorization from PBMs under the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

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