

**Department of Legislative Services**  
Maryland General Assembly  
2020 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1050 (Delegate Johnson, *et al.*)  
Health and Government Operations

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**Hospitals – Discharge or Transfer of Patients – Prior Authorization of  
Prescriptions**  
**(The Mae Abraham Act)**

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This bill requires a hospital to obtain prior authorization for any prescription given to a patient that may require prior authorization before the patient is discharged or transferred.

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**Fiscal Summary**

**State Effect:** The bill is not anticipated to materially affect State operations or finances.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** A hospital may discharge or transfer patients for a variety of reasons. To facilitate a discharge or transfer of a patient, a hospital must (1) assess the patient's needs; (2) plan for discharge or transfer; (3) facilitate the discharge or transfer process; (4) give the patient or person responsible for providing continuing care to the patient written discharge instructions; and (5) help ensure that continuity of care, treatment, and services is maintained.

If a hospital fails to comply with discharge requirements, the Secretary of Health can impose a civil penalty of up to \$10,000 for each failure to comply. A hospital may appeal the penalty imposed.

**Background:** Prior authorization is a health insurance cost-control process by which health care providers must obtain approval in advance from a health insurance carrier *before* a specific service (or prescription) is authorized to be provided or covered. Medications that require prior authorization are typically (1) unsafe when combined with other medications; (2) misused or abused; (3) have lower-cost, equally effective alternatives; or (4) should only be used for certain health conditions.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Cigna; Department of Legislative Services

**Fiscal Note History:** First Reader - February 28, 2020  
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