

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 750 (Delegate Hill, *et al.*)
Health and Government Operations

Health Insurance - Prior Authorizations - Medical Devices or Oxygen

This bill prohibits an insurer, nonprofit health service plan, or health maintenance organization (collectively known as carriers) that provides coverage for prescription drugs, including coverage provided through a pharmacy benefits manager (PBM), from applying a second or subsequent prior authorization for the use of a medical device or oxygen that is prescribed for a “chronic condition” – with specified exceptions. **The bill takes effect January 1, 2020, and applies to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after that date.**

Fiscal Summary

State Effect: Minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) in FY 2020 only from the \$125 rate and form filing fee. Review of forms can likely be handled with existing budgeted resources. No effect on the State Employee and Retiree Health and Welfare Benefits Program.

Local Effect: This bill does not directly affect local government operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Chronic condition” means a medical condition due to a disease, an illness, or any other medical problem that (1) persists without full cure or worsens over an extended period of time and (2) is actively managed or supervised by a health care provider to maintain remission or prevent deterioration.

A carrier may require a second or subsequent prior authorization for the continued use of a medical device or oxygen if there has been (1) a change in federal coverage criteria for medical devices or oxygen covered by federal health insurance; (2) a change in the entity's coverage policy criteria; (3) a change in the patient's chronic condition for which an increase, a decrease, or a change in the manner of use of the medical device or oxygen is requested; or (4) an impactful change has occurred in the patient's chronic condition from the time of the initial prior authorization request and approval.

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.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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