



House of Representatives

General Assembly

File No. 781

January Session, 2013

Substitute House Bill No. 6545

House of Representatives, May 9, 2013

The Committee on Appropriations reported through REP. WALKER of the 93rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING MEDICAID DRUG STEP THERAPY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2013*) (a) The Commissioner of
2 Social Services may establish a step therapy program for prescription
3 drugs in the Medicaid program. The commissioner may condition
4 payment for such drugs on a requirement that the drug prescribed be
5 from the preferred drug list established pursuant to section 17b-274d
6 of the general statutes prior to any other drug being prescribed,
7 provided any step therapy program shall: (1) Require that the patient
8 try and fail on only one prescribed drug on the preferred drug list
9 before another drug can be prescribed and eligible for payment; (2) not
10 apply to any mental health-related drugs; (3) not apply to a drug
11 generally prescribed for a condition treated on an ongoing basis, either
12 with continuous medication or a medication taken as needed by a
13 patient who has had a prescription filled for the same drug within the
14 preceding one hundred eighty days; and (4) require that the
15 prescribing practitioner, when medications for the treatment of any

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 14 \$	FY 15 \$
Social Services, Dept.	GF - Savings	11.8 million	15.8 million

Municipal Impact: None

Explanation

The bill results in a savings of approximately \$11.8 million in FY 14 and \$15.8 million in FY 15 associated with the Department of Social Services establishing a step therapy program for prescription drugs under Medicaid. Savings identified in the bill are included in sHB 6350, the FY 14 and FY 15 budget bill, as favorably reported by the Appropriations Committee.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 6545*****AN ACT CONCERNING MEDICAID DRUG STEP THERAPY.*****SUMMARY:**

This bill authorizes the Department of Social Services (DSS) commissioner to establish a step therapy program for prescription drugs dispensed to Medicaid recipients. (The bill does not define step therapy.) Under the program, DSS may condition Medicaid payments to pharmacies on a patient first trying a drug that is on DSS's preferred drug list (PDL) for seven days. Under the bill, the step therapy program must:

1. require that the patient try and fail on only one drug on the PDL before another one can be prescribed and be eligible for DSS payment (presumably the other drug would not have to be on the PDL);
2. not apply to any mental health-related drugs;
3. not apply to a maintenance drug (i.e., a drug generally prescribed for a condition treated on an ongoing basis, either with continuous medication or on an as-needed basis) for which a prescription was filled during the preceding 180 days; and
4. give the prescriber access to a clear and convenient process to expeditiously request DSS to override the step therapy drug under certain circumstances.

The bill requires DSS to grant an override of the step therapy drug restriction if certain conditions exist. It (1) permits the prescriber to deem the treatment clinically ineffective after the seven days and (2) requires Medicaid to pay for the drug the prescriber prescribes and

recommends instead when this occurs.

It appears that the state's prior authorization law would require a pharmacist to dispense, and DSS to reimburse, a 14-day supply of a non-preferred drug when a prescriber has requested an override of the step therapy drug but a decision to grant has not been made by the time the patient is ready to leave the pharmacy (see BACKGROUND).

EFFECTIVE DATE: July 1, 2013

CONDITIONS FOR OVERRIDING STEP THERAPY RESTRICTIONS

The bill requires DSS to expeditiously grant an override of the step therapy restriction if the prescriber demonstrates that the step therapy drug:

1. has been ineffective in treating the patient's medical condition in the past (presumably the same medical condition) or is expected to be ineffective based on the (a) patient's known relevant physical or mental characteristics and (b) drug regimen's known characteristics;
2. will cause or will likely cause an adverse reaction or other physical harm to the patient; and
3. is not in the patient's best interest to provide the recommended therapy or drug based on medical necessity.

BACKGROUND

Preferred Drug List (PDL)

By law, DSS maintains a PDL, which is a list of drugs for which DSS will reimburse pharmacists when they dispense the drugs to Medicaid recipients. By law, if a practitioner prescribes a drug that is not on the PDL, the pharmacist must receive prior authorization from DSS before it can be paid for dispensing the drug. Prior authorization is not required for any mental health-related drug that has been filled or refilled, in any dosage, at least once in the previous year. When prior authorization is granted, it is valid for one year from when the drug is

filled. (By law, drugs used to treat AIDS and AIDS-related illness may not be on the PDL (CGS § 17b-274d(f)).

If prior authorization is required and the pharmacist is unable to obtain the prescriber's authorization at the time the prescription is presented, the law requires the pharmacist to dispense a one-time 14-day supply. By law, DSS issues a flier to pharmacies to distribute to Medicaid recipients, letting them know that they need to contact the prescriber to get the full amount of the non-preferred drug (CGS § 17b-491a).

COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute Change of Reference
Yea 18 Nay 0 (04/02/2013)

Appropriations Committee

Joint Favorable Substitute
Yea 52 Nay 0 (04/22/2013)