



Senate

General Assembly

File No. 5

January Session, 2013

Senate Bill No. 599

Senate, February 22, 2013

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

***AN ACT CONCERNING DISPENSATION AND INSURANCE
COVERAGE OF A PRESCRIBED DRUG DURING REVIEW OF AN
ADVERSE DETERMINATION OR A FINAL ADVERSE
DETERMINATION.***

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

1 Section 1. Section 38a-591d of the general statutes is amended by
2 adding subsection (h) as follows (*Effective October 1, 2013*):

3 (NEW) (h) Notwithstanding subdivision (3) of subsection (c) of
4 section 38a-591e, if a covered person or the covered person's
5 authorized representative files any grievance or requests any review of
6 an adverse determination or a final adverse determination pursuant to
7 section 38a-591e, 38a-591f or 38a-591g, relating to the dispensation of a
8 drug prescribed by a licensed participating provider, the health carrier
9 shall issue immediate electronic authorization to the covered person's
10 pharmacy for the duration of any such grievance or review. Such
11 authorization shall include confirmation of the availability of payment
12 for such supply of such drug.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2013</i>	38a-591d
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INS *Joint Favorable*

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 \$
State Comptroller - Health Accounts	GF & TF - Cost	Potential	Potential

Municipal Impact:

Municipalities	Effect	FY 14 \$	FY 15 \$
Various Municipalities	Cost	Potential	Potential

Explanation

It is uncertain if the bill applies to the state employee and retirees health plan. If it were to apply it would be in conflict with the plan's policy of mandatory generic substitution.¹ The bill may increase pharmacy cost to the extent that it prevents the state from maintaining its current generic substitution and step therapy policies. The Office of the State Comptroller has indicated that they receive approximately 100 reviews per month related to prescription drugs that are decided on the basis of medical necessity.

It is uncertain if the bill's provisions would increase costs to fully-insured municipal plans whose health insurers do not currently follow the dispensing procedures required by the bill. The coverage requirements may result in increased premium costs when

¹ The 2009 collective bargaining agreement between the State of Connecticut and the State Employees Bargaining Agency Coalition (SEBAC) specifies that the prescription benefit plan has mandatory generic substitution except that a physician may authorize an override based upon medical necessity certified by the physician in accordance with the Pharmacy Benefit Manager's process.

municipalities enter into new health insurance contracts on or after January 1, 2014. Due to federal law, municipalities with self-insured health plans are exempt from state health insurance benefit mandates.

The Out Years

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

While states are allowed to mandate benefits in excess of the EHB, the federal law requires the state to pay the cost of any such additional mandated benefits for all plans sold in the exchange. The extent of these costs will ultimately depend on the mandates included in the federal essential benefit package, which have not yet been determined. If the benchmark plan chosen by the state to serve as the EHB includes all state health mandates there is no additional cost to the state. However, if the benchmark plan does not include certain state mandated health benefits the state would be responsible for the cost of those additional mandated benefits. Lastly, state mandated benefits enacted after December 31, 2011 cannot be considered part of the EHB for 2014-2015 unless they are already part of the benchmark plan.

OLR Bill Analysis**SB 599*****AN ACT CONCERNING DISPENSATION AND INSURANCE COVERAGE OF A PRESCRIBED DRUG DURING REVIEW OF AN ADVERSE DETERMINATION OR A FINAL ADVERSE DETERMINATION.*****SUMMARY:**

This bill requires health insurers to authorize an insured's pharmacy to fill a prescription if the insured or his or her authorized representative files a grievance or requests a review of an adverse determination (e.g., a claim denial) or final adverse determination related to dispensing a drug prescribed by a licensed participating provider. The authorization must be made immediately and electronically and must last for the duration of the grievance or review. The insurer must confirm that it will pay for the supply of the drug.

EFFECTIVE DATE: October 1, 2013

BACKGROUND***Adverse Determinations***

By law, a health insurer must promptly provide an insured and, if applicable, his or her authorized representative with a notice of an adverse determination. The insurer must review adverse determinations at the request of the insured. The insurer must notify the insured and, if applicable, his or her authorized representative of its decision following a review of its determination. An insured or an authorized representative may request an external review of an adverse or a final adverse determination.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 12 Nay 7 (02/05/2013)