

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 393** HLS 13RS 973
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 27, 2013	12:48 PM	Author: ANDERS
Dept./Agy.: DHH Medicaid		Analyst: Shawn Hotstream
Subject: MCO's		

MEDICAID RE1 INCREASE GF EX See Note Page 1 of 1

Provides relative to prescription drug benefits of managed care organizations participating in the La. Medicaid coordinated care network program

Proposed law requires all managed care organizations to accept, in addition to any currently accepted facsimile and electronic prior authorization form, a standard prior authorization form not to exceed 2 pages (excluding guidelines or instructions) that has been promulgated by DHH in accordance with the Administrative Procedure Act.

Proposed law requires each prepaid network form a Pharmaceutical and Therapeutics Committee to develop a drug formulary and preferred drug list for the prepaid network, and requires the committees to hold designated open meetings annually.

Proposed law requires for exemptions to step therapy/fail first protocols (prior authorization protocols) for managed care organizations.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

Health plans are allowed to implement step therapy or fail first protocols to first drive utilization toward the most cost-effective and safest drug therapy. The protocols apply to either individual drugs or drug classes. Currently, the plan has to provide a process for a provider to request an override. The health plan must, at a minimum, allow an override when the prescribing physician provides evidence that the preferred plan treatment therapy has been ineffective for the patient in the past (could cause adverse reaction or physical harm to the patient). Proposed law provides for override when the preferred treatment is expected to be ineffective. This measure requires plans to allow another pathway in which a physician may override step therapy/fail first protocols. Requiring all Medicaid managed care organizations to add another pathway in which a physician may override step therapy protocols without evidencing that the plan member has tried plan preferred therapies may increase medical costs of the health plans by an indeterminable amount. The Bayou Health plans have indicated to the department that the plan requirements under the amended legislation are not anticipated to have a significant impact to program costs. The LFO is waiting on additional information from DHH's actuary (Mercer) to determine if the actuary would assign any cost value to the requirements under the current posture of the bill that may impact the health plan per member per month (PMPM) rate.

In addition, each MCO is anticipated to incur some minimal administrative costs, as this measure requires each Prepaid Plan to form a Pharmaceutical and Therapeutics Committee which shall meet in public no less frequently than semiannually in Baton Rouge, Louisiana. Administrative costs include travel for committee members, and committee meeting requirements such as meeting space. It is unknown if these new minimal administrative costs to the plans will be passed on to DHH in the form of increased PMPM payments to the plans (as PMPM's include administrative costs).

REVENUE EXPLANATION

The revenue table above reflects any increase in federal financial participation

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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