



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 1317

PRINTERS NO. 2703

PRIME SPONSOR: Cutler

### COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund	See Fiscal Impact Below	

**SUMMARY:** Amends the Public Welfare Code by providing for an electronic prior approval process in the Medical Assistance Program. The effective date is in 180 days.

**ANALYSIS:** This legislation would require the Medical Assistance Fee-for-Service program to have an electronic prior approval process in place for use by physicians to secure prior authorization for all preferred and nonpreferred drugs. Preferred and nonpreferred drugs prescribed by licensed psychiatrists would be exempt from the prior authorization process. Additionally, the department would be required to draft guidelines to update lists and processes on a regular basis. The electronic prior approval process is to be in place 120 days after the 180 days effective date.

**FISCAL IMPACT:** It is difficult to quantify an estimate for the exemption of drugs prescribed by psychiatrists which would consider any potential state costs due to no longer managing certain classes of drugs (for example, atypical antipsychotics, antidepressants, stimulants, Alzheimer's agents) that may be more expensive than generic equivalents or the loss of supplemental rebates that may no longer be available to the medical assistance program. It should be noted that, although unable to provide specific details due to proprietary information provision in the agreements between Provider Synergies (which manages the department's PDL and negotiates supplemental rebates) and the pharmaceutical manufacturers, the department estimates an annual cost of \$11million.

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House Appropriations Committee (R)

**DATE:** November 14, 2011

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*