

JAN 26 2011

A BILL FOR AN ACT

RELATING TO PRESCRIPTION MEDICATIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that prior authorization
2 for prescription medications requires that physicians obtain
3 approval from a health insurance carrier to prescribe a specific
4 medication for their patients. Without this prior
5 authorization, a health insurance carrier may not provide
6 coverage, or pay for, patient medication. Despite its growing
7 visibility and importance, the prior authorization process is
8 often manual and non-standard, creating administrative burdens
9 and costs to health care providers and health insurance
10 carriers. It also may result in patients experiencing delays in
11 getting prescriptions filled, leading to potentially adverse
12 health impacts.

13 While prescription drugs requiring prior authorization
14 consists of only a small fraction of all prescribed medications,
15 the number of drugs requiring prior authorization and the number
16 of prior authorizations have grown rapidly in recent years.
17 Hence, prior authorization has become a widely adopted method of
18 drug utilization management.



1 In February 2010, the Minnesota department of health, in
2 its report entitled "Electronic Drug Prior Authorization
3 Standardization and Transmission", suggested the following best
4 approaches to standardize prior authorization requests,
5 including:

- 6 (1) Extensive use of direct, computer-to-computer,
7 automated electronic data interchange, based on well-
8 established, widely-used national standards that are
9 well suited to the drug prior authorization
10 transaction;
- 11 (2) A single, standard list of drugs requiring prior
12 authorizations, and a standard set of questions used
13 by payers to gather supplemental information needed to
14 process prior authorization requests, that are the
15 same across all payers; and
- 16 (3) Full and effective integration with other health care
17 electronic data exchange, especially electronic
18 prescribing and electronic health records.

19 The purpose of this Act is to require the insurance
20 commissioner to develop a standardized prior authorization form
21 and process to minimize the cost and maximize the efficiency of
22 processing prior authorizations.



1 SECTION 2. Not later than December 31, 2011, in accordance
2 with the general powers afforded by section 431:2-201, Hawaii
3 Revised Statutes, the insurance commissioner shall develop a
4 standardized prior authorization request form and process for
5 prescription medications that can be used between health care
6 providers and insurance carriers with the goal of minimizing
7 costs and maximizing administrative simplification and
8 efficiency. The prior authorization form and process shall be
9 accessible and available for submission electronically through
10 secure electronic transmissions. For the purposes of this Act,
11 the term "electronic transmission" shall not be deemed to
12 include facsimile.

13 SECTION 3. The insurance commissioner shall convene a
14 working group comprised of health care providers, pharmacists,
15 insurance carriers, health maintenance organizations,
16 governmental agencies, and other key stakeholders to assist in
17 the development of a standardized prior authorization form and
18 process.

19 SECTION 4. The insurance commissioner shall submit to the
20 legislature a report of its proceedings, recommendations, and
21 results on implementing this Act not later than thirty days
22 prior to the convening of the regular session of 2012.



1 SECTION 5. This Act shall take effect upon its approval.

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Report Title:

Insurance; Prior Authorization

Description:

Requires the insurance commissioner to develop a standardized prior authorization request form and process for prescription medications for use by health care providers and insurance carriers.

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