
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 for patient medication. Despite its growing visibility
7 and importance, the prior authorization process is not
8 standardized across insurers and providers and is often
9 conducted without the benefit of communications technology,
10 thereby creating unnecessary administrative burdens and costs to
11 health care providers and health insurers. The current process
12 also results in delays in filling patient prescriptions and
13 potentially adverse health effects.

14 While prescription drugs requiring prior authorization
15 constitute only a small fraction of all prescribed medications,
16 the number of drugs requiring prior authorization and the number
17 of prior authorizations required by insurers have grown rapidly



1 in recent years indicating that prior authorization has become a
2 widely used method of drug utilization management.

3 The legislature finds that the stakeholders in the issue of
4 prior authorization for prescription medications represent
5 important perspectives on this complex issue. Therefore, the
6 purpose of this Act is to convene a working group of diverse
7 stakeholders to consider the issue of prior authorization for
8 prescription medication and make recommendations for legislative
9 action based on consensus of the participants.

10 SECTION 2. (a) There is established the prescription
11 medication prior authorization working group to consider the
12 issue of insurers' prior authorization requirements for
13 prescription medications and make recommendations for
14 legislative action based on consensus of the participants. The
15 working group shall conduct research, assess and evaluate
16 policies for a standardized and expeditious policy for use by
17 health care and insurance providers to obtain prior
18 authorization for prescription medications, and make
19 recommendations to the legislature based on best practices. The
20 working group shall consider:

21 (1) The requirements of state and federal law relating to
22 prescription medications;



- 1 (2) Preservation of patient confidentiality and compliance
- 2 with the federal Health Insurance Portability and
- 3 Accountability Act of 1996, Public Law No. 104-191;
- 4 (3) Incorporation of electronic prescribing and electronic
- 5 health records to maximize efficiency in the prior
- 6 authorization process;
- 7 (4) Current prior authorization requirements of health
- 8 insurers and managed care plans currently operating in
- 9 the State; and
- 10 (5) Best practices of other states that have adopted
- 11 policies to standardize or coordinate prior
- 12 authorization policies across health care providers
- 13 and health insurers.

14 The working group shall submit a report of its findings and
15 recommendations, including any implementing legislation, to the
16 legislature no later than twenty days prior to the convening of
17 the regular session of 2012.

18 (b) The working group established pursuant to this Act
19 shall be convened by the Healthcare Association of Hawaii, which
20 shall provide the working group with meeting space and the
21 support necessary to facilitate discussion, but shall not be a



1 participating member of the working group. The working group
2 shall include:

3 (1) The director of human services, or the director's
4 designee;

5 (2) A representative of the Hawaii Health Information
6 Exchange;

7 (3) A representative of pharmacists practicing within the
8 State;

9 (4) A representative from each of the providers of
10 accident and health or sickness insurance in this
11 State, including health maintenance organizations;

12 (5) A representative of physicians practicing within the
13 State;

14 (6) A representative of the consumer or patient advocacy
15 community; and

16 (7) Any other members that the working group or its
17 convener find necessary for the efficient operation of
18 the working group.

19 (c) The working group shall cease to exist on June 30,
20 2011.

21 SECTION 3. This Act shall take effect on July 1, 2050.



Report Title:

Insurance; Prior Authorization; Prescription Medication; Working Group

Description:

Authorizes a working group composed of stakeholders and convened by the Healthcare Association of Hawaii to consider issues relating to prior authorization for prescription medication and to make recommendations for future legislation. Takes effect 07/01/2050. (SD2)

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