



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 429 (Substitute S-1 as reported)
Senate Bill 430 (as reported without amendment)
Sponsor: Senator Tonya Schuitmaker (S.B. 429)
Senator Jim Marleau (S.B. 430)
Committee: Insurance

CONTENT

Senate Bill 429 (S-1) would add Section 2212c to the Insurance Code to require the Commissioner of the Office of Financial and Insurance Regulation, by January 1, 2013, to develop a standard prior authorization methodology for use by prescribers to request and receive prior authorization for prescription drug benefits required by an insurer under a policy, certificate, or contract. The Commissioner would have to include in the methodology the ability for a prescriber to designate the request for expedited review.

("Insurer" would mean an insurer issuing an expense-incurred hospital, medical, or surgical policy or certificate; a health maintenance organization; Blue Cross Blue Shield of Michigan (BCBSM); or a third-party administrator of prescription drug benefits.)

The bill also would do the following:

- Require the Commissioner to appoint a workgroup to assist in the development of the standard methodology, and hold at least one public hearing.
- Require an insurer to use the standard methodology beginning July 1, 2014.
- Provide that a prior authorization request that was not certified for expedited review would be considered granted if the insurer failed to grant or deny it or require additional information within 15 days, beginning January 1, 2014.
- Provide that an expedited request would be considered granted if the insurer failed to grant or deny it or require additional information within 72 hours, beginning January 1, 2014.

Senate Bill 430 would amend the Nonprofit Health Care Corporation Reform Act to provide that Section 2212c of the Insurance Code would apply to BCBSM.

The bills are tie-barred to each other.

Proposed MCL 500.2212c (S.B. 429)
Proposed MCL 550.1402d (S.B. 430)

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bills would have no fiscal impact on State or local government. The standardization of pharmaceutical prior authorization forms would result in a small one-time cost increase for insurers. The increase would likely be so small that there would be no impact on insurance rates paid by State and local government. There would be minor costs for the workgroup and public hearings.

Date Completed: 3-14-12

Fiscal Analyst: Steve Angelotti