



HF 233 – Step Therapy Insurance Coverage (LSB1420HV.2)
Analyst: Christin Mechler (Phone: (515)281-6561) (christin.mechler@legis.iowa.gov)
Fiscal Note Version – As Amended and Passed by the House (note revised to update Background)

Description

House File 233, as amended and passed by the House, relates to the use of step therapy protocols for prescription drugs by health carriers, health benefit plans, and utilization review organizations. The Bill defines “step therapy protocol” as a protocol or program that establishes a specific sequence in which prescription drugs for a specified medical condition and also medically appropriate for a particular covered person are covered by a health carrier, a health benefit plan, or utilization review organization. The Bill provides that when a step therapy protocol is in use, the person participating in a health benefit plan or the person’s prescribing health care professional must have access to a clear, readily accessible “step therapy override exception,” which authorizes the expedited coverage of a prescription drug selected by the prescribing health care professional, based on the review of the exception request along with supporting rationale and documentation. Additionally, HF 233 also updates the definition of “health carrier” to exclude the three major Managed Care Organizations (MCOs) that currently contract with the State of Iowa to provide Medicaid-related services.

House File 233 also provides that a step therapy override request must be approved or denied by a health carrier, health benefit plan, or utilization review organization within the time frames and requirements for a request for prior authorization of prescription drug benefits pursuant to Iowa Code section [505.26\(7\)](#). This Iowa Code section sets time frames of approval or denial within 72 hours for urgent claims and five calendar days for non-urgent claims. House File 233 applies to all health benefit plans that are delivered, issued for delivery, or continued or renewed in Iowa on or after January 1, 2018.

Background

State programs such as Medicaid, hawk-i, and the Iowa Health and Wellness Plan currently utilize step therapy protocol in their patient care structures. Members of these programs are primarily covered by the three MCOs that contract with the State to provide these services. Under current law, MCOs are required to use the Medicaid fee-for-service (FFS) preferred drug list (PDL), which requires the most cost-effective preferred agents be utilized prior to prescribing more expensive agents. As it is currently written, the Medicaid PDL applies a significantly more stringent process for moving from one drug to another than the proposed process provided in HF 233.

Assumptions

- Pursuant to the passage of the Bill, the Medicaid PDL would not need to be updated to conform to the changes in the Bill using a less stringent override process of switching drugs.
- As a result of the exclusion of the MCOs from the definition of “health carrier,” the Medicaid PDL does not need to be amended, as the MCOs are not required to adhere to the provisions of the Bill. This greatly reduces the possibility of drug rebate losses.

Fiscal Impact

In the Bill, the definition of “health carrier” subject to the procedure of the step therapy override exceptions excludes the three major MCOs contracting with the State of Iowa to provide Medicaid-related services. Therefore, HF 233, as amended and passed by the House, is not estimated to have a significant fiscal impact on the State of Iowa.

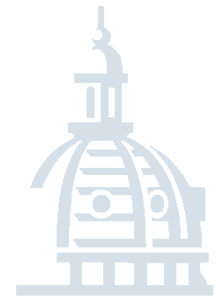
Sources

Department of Human Services
Wellmark
Legislative Services Agency

/s/ Holly M. Lyons

April 10, 2017

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.



[HF 233](#) – Step Therapy Insurance Coverage (LSB1420HV)

Analyst: Christin Mechler (Phone: (515)281-6561) (christin.mechler@legis.iowa.gov)

Fiscal Note Version – New

Description

[House File 233](#) relates to the use of step therapy protocols for prescription drugs by health carriers, health benefit plans, and utilization review organizations. The Bill defines “step therapy protocol” as a protocol or program that establishes a specific sequence in which prescription drugs for a specified medical condition and also medically appropriate for a particular covered person are covered by a health carrier, a health benefit plan, or utilization review organization. House File 233 provides that when a step therapy protocol is in use, the person participating in a health benefit plan or the person’s prescribing health care professional must have access to a clear, readily accessible “step therapy override exception,” which authorizes the immediate coverage of a prescription drug selected by the prescribing health care professional, based on the review of the exception request along with supporting rationale and documentation.

House File 233 also provides that a step therapy override request must be approved or denied by a health carrier, health benefit plan, or utilization review organization within 72 hours of receipt of the override request under normal medical circumstances, and within 24 hours under medically exigent circumstances. If the override request is denied, the requestor is able to file for an appeal. The health carrier, health benefit plan, or utilization review organization must act on the appeal within 72 hours of receipt of the appeal under normal medical circumstances, and within 24 hours under medically exigent circumstances. If the denial is upheld upon the completion of the appeals process, the requestor of the step therapy override may request external review of the denial pursuant to Iowa Code chapter [514J](#).

House File 233 applies to all health benefit plans that are delivered, issued for delivery, or continued or renewed in Iowa on or after January 1, 2018.

Background

State programs such as Medicaid, hawk-i, and the Iowa Health and Wellness Program currently utilize step therapy protocol in their patient care structures. Members of these programs are primarily covered by the three managed care organizations (MCOs) that contract with the State to provide these services. Under current law, MCOs are required to use the Medicaid fee-for-service (FFS) preferred drug list (PDL), which requires the most cost-effective preferred agents be utilized prior to prescribing more expensive agents. As it is currently written, the Medicaid PDL applies a significantly more stringent process for moving from one drug to another than the proposed process provided in HF 233. Additionally, the requirements of the Bill may be in conflict with federal managed care regulations.

Assumptions

- The Medicaid PDL would be updated to conform to the changes in the Bill using a less stringent override process of switching drugs.
- If the Medicaid PDL cannot be amended due to federal requirements and the MCOs are required to adhere to the provisions of the Bill, it may lead to the loss of some drug rebates.

Fiscal Impact

If the MCOs are required to follow the step therapy process outlined in HF 233, it is likely that pharmacy costs will increase. However, as it is not possible to estimate how many members would ultimately utilize the step therapy override process and switch medications, fiscal impact cannot be determined at this time. In addition, the State also anticipates collecting \$83.6 million in drug rebates in FY 2018. This rebate amount may change due to the changes implemented in the step therapy protocol process, but there is not sufficient information available to estimate any fiscal impact this may have on the State.

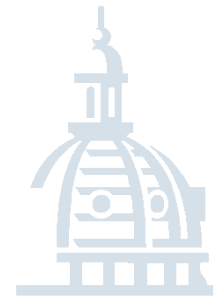
Sources

Department of Human Services
Wellmark
Legislative Services Agency

/s/ Holly M. Lyons

March 7, 2017

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.



HF 233 – Step Therapy Insurance Coverage (LSB1420HV.1)
Analyst: Christin Mechler (Phone: (515)281-6561) (christin.mechler@legis.iowa.gov)
Fiscal Note Version – As Amended and Passed by the House

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Sources

Department of Human Services
Wellmark
Legislative Services Agency

/s/ Holly M. Lyons

March 30, 2017

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
