



IN THE GENERAL ASSEMBLY STATE OF \_\_\_\_\_

**“Ensuring Transparency in Prior Authorization Act”**

1 Be it enacted by the People of the State of \_\_\_\_\_, represented in the General Assembly:

2 **Section I. Title:** This Act may be known and cited as the “Ensuring Transparency in Prior  
3 Authorization Act.”

4 **Section II. Purpose.** The Legislature hereby finds and declares that:

5 (a) The patient-physician relationship is paramount and should not be subject to third-party  
6 intrusion;

7 (b) Prior authorization programs place cost savings ahead of optimal patient care; and

8 (c) Prior authorization programs shall not be permitted to hinder patient care or intrude on  
9 the practice of medicine.

10 **Section III. Definitions.**

11 a) **“Adverse determination”** means a decision by a utilization review entity that the health  
12 care services furnished or proposed to be furnished to an enrollee are not medically  
13 necessary, or are experimental or investigational; and benefit coverage is therefore  
14 denied, reduced, or terminated. A decision to deny, reduce, or terminate services that are  
15 not covered for reasons other than their medical necessity or experimental or  
16 investigational nature is not an “adverse determination” for purposes of this Act.

- 1        b) **“Authorization”** means a determination by a utilization review entity that a health care  
2        service has been reviewed and, based on the information provided, satisfies the utilization  
3        review entity’s requirements for medical necessity and appropriateness and that payment  
4        will be made for that health care service.
- 5        c) **“Clinical criteria”** means the written policies, written screening procedures, drug  
6        formularies or lists of covered drugs, determination rules, determination abstracts,  
7        clinical protocols, practice guidelines, medical protocols and any other criteria or  
8        rationale used by the utilization review entity to determine the necessity and  
9        appropriateness of health care services.
- 10       d) **“Emergency health care services”** means those health care services that are provided in  
11       an emergency facility after the sudden onset of a medical condition that manifests itself  
12       by symptoms of sufficient severity, including severe pain, that the absence of immediate  
13       medical attention could reasonably be expected by a prudent layperson, who possesses an  
14       average knowledge of health and medicine, to result in: (i) placing the patient's health in  
15       serious jeopardy; (ii) serious impairment to bodily function; or (iii) serious dysfunction of  
16       any bodily organ or part.
- 17       e) **“Health care service”** means health care procedures, treatments or services: (i) provided  
18       by a facility licensed in (indicate the name of the state); or (ii) provided by a doctor of  
19       medicine, a doctor of osteopathy, or within the scope of practice for which a health care  
20       professional is licensed in (indicate the name of the state). The term “health care service”  
21       also includes the provision of pharmaceutical products or services or durable medical  
22       equipment.

- 1 f) **“Medically necessary health care services”** means health care services that a prudent  
2 physician would provide to a patient for the purpose of preventing, diagnosing or treating  
3 an illness, injury, disease or its symptoms in a manner that is: (i) in accordance with  
4 generally accepted standards of medical practice; (ii) clinically appropriate in terms of  
5 type, frequency, extent, site and duration; and (iii) not primarily for the economic benefit  
6 of the health plans and purchasers or for the convenience of the patient, treating  
7 physician, or other health care provider.
- 8 g) **“Medication assisted treatment (MAT)”** means the use of medications, commonly in  
9 combination with counseling and behavioral therapies, to provide a comprehensive  
10 approach to the treatment of substance use disorders. FDA-approved medications used to  
11 treat opioid addiction include methadone, buprenorphine (alone or in combination with  
12 naloxone) and extended-release injectable naltrexone. Types of behavioral therapies  
13 include individual therapy, group counseling, family behavior therapy, motivational  
14 incentives and other modalities.
- 15 h) **“NCPDP SCRIPT Standard”** means the National Council for Prescription Drug  
16 Programs SCRIPT Standard Version 2013101, or the most recent standard adopted by the  
17 United States Department of Health and Human Services (HHS). Subsequently released  
18 versions of the NCPDP SCRIPT Standard may be used, provided that the new version of  
19 the standard is backward compatible to the current version adopted by HHS.
- 20 i) **“Prior authorization”** means the process by which utilization review entities determine  
21 the medical necessity and/or medical appropriateness of otherwise covered health care  
22 services prior to the rendering of such health care services. “Prior authorization” also

1 includes any health insurer’s or utilization review entity’s requirement that an enrollee or  
2 health care provider notify the health insurer or utilization review entity prior to  
3 providing a health care service.

4 j) **“Enrollee”** means an individual eligible to receive health care benefits by a health  
5 insurer pursuant to a health plan or other health insurance coverage. The term “enrollee”  
6 includes an enrollee’s legally authorized representative.

7 k) **“Urgent health care service”** means a health care service with respect to which the  
8 application of the time periods for making a non-expedited prior authorization, which, in  
9 the opinion of a physician with knowledge of the enrollee’s medical condition:

- 10 i. could seriously jeopardize the life or health of the enrollee or the ability of the  
11 enrollee to regain maximum function; or
- 12 ii. could subject the enrollee to severe pain that cannot be adequately managed  
13 without the care or treatment that is the subject of the utilization review.

14 For the purpose of this Act, urgent health care service shall include services provided for  
15 the treatment of substance use disorders.

16 l) **“Utilization review entity”** means an individual or entity that performs prior  
17 authorization for one or more of the following entities:

- 18 i. an employer with employees in \_\_\_\_\_ (*indicate name of*  
19 *state*) who are covered under a health benefit plan or health insurance policy;
- 20 ii. an insurer that writes health insurance policies;
- 21 iii. a preferred provider organization, or health maintenance organization; and

1           iv.    any other individual or entity that provides, offers to provide, or administers  
2                    hospital, outpatient, medical, prescription drug, or other health benefits to a  
3                    person treated by a health care professional in \_\_\_\_\_ (*indicate name of state*)  
4                    under a policy, plan, or contract.

5    **Section IV. Disclosure and review of prior authorization requirements.**

6    A utilization review entity shall make any current prior authorization requirements and  
7    restrictions readily accessible on its website to enrollees, health care professionals, and the  
8    general public. This includes the written clinical criteria. Requirements shall be described in  
9    detail but also in easily understandable language.

10    a) If a utilization review entity intends either to implement a new prior authorization  
11            requirement or restriction, or amend an existing requirement or restriction, the utilization  
12            review entity shall ensure that the new or amended requirement is not implemented  
13            unless the utilization review entity’s Web site has been updated to reflect the new or  
14            amended requirement or restriction.

15    b) If a utilization review entity intends either to implement a new prior authorization  
16            requirement or restriction, or amend an existing requirement or restriction, the utilization  
17            review entity shall provide contracted health care providers of enrollees written notice of  
18            the new or amended requirement or amendment no less than sixty (60) days before the  
19            requirement or restriction is implemented.

20    c) Entities using prior authorization shall make statistics available regarding prior  
21            authorization approvals and denials on their Web site in a readily accessible format.

22            They should include categories for:

- 1 (i) Physician specialty;
- 2 (ii) Medication or diagnostic test/procedure;
- 3 (iii) Indication offered;
- 4 (iv) Reason for denial;
- 5 (v) if appealed;
- 6 (vi) if approved or denied on appeal;
- 7 (vii) the time between submission and the response.

8 **Section V. Personnel qualified to make adverse determinations.** A utilization review entity  
9 must ensure that all adverse determinations are made by a physician. The physician must:

- 10 (a) possess a current and valid non-restricted license to practice medicine in  
11 \_\_\_\_\_ (*the state in which the proposed services would have been*  
12 *provided if authorized*);
- 13 (b) be of the same specialty as the physician who typically manages the medical  
14 condition or disease or provides the health care service involved in the request;
- 15 (c) have experience treating patients with the medical condition or disease for which the  
16 health care service is being requested; and
- 17 (d) make the adverse determination under the clinical direction of one of the utilization  
18 review entity’s medical directors who is responsible for the provision of health care  
19 services provided to enrollees of \_\_\_\_\_ (*state in which the proposed health*  
20 *care items or services would have been provided if authorized*). All such medical  
21 directors must be physicians licensed in \_\_\_\_\_ (*the state in which the proposed*  
22 *health care items or services would have been provided if authorized*).

1 **Section VI. Consultation prior to issuing an adverse determination.** If a utilization review  
2 entity is questioning the medical necessity of a health care service, the utilization review entity  
3 must notify the enrollee’s physician that medical necessity is being questioned. Prior to issuing  
4 an adverse determination, the enrollee’s physician must have the opportunity to discuss the  
5 medical necessity of the health care service on the telephone with the physician who will be  
6 responsible for determining authorization of the health care service under review.

7 **Section VII. Requirements applicable to the physician who can review appeals.** A utilization  
8 entity must ensure that all appeals are reviewed by a physician. The physician must:

9 a) possess a current and valid non-restricted license to practice medicine in  
10 \_\_\_\_\_ (*the state in which the proposed services would have been provided*  
11 *if authorized*);

12 b) be currently in active practice in the same or similar specialty as physician who typically  
13 manages the medical condition or disease for at least five (5) consecutive years;

14 c) be knowledgeable of, and have experience providing, the health care services under  
15 appeal;

16 d) not be employed by a utilization review entity or be under contract with the utilization  
17 review entity other than to participate in one or more of the utilization review entity’s  
18 health care provider networks or to perform reviews of appeals, or otherwise have any  
19 financial interest in the outcome of the appeal;

20 e) not have been directly involved in making the adverse determination; and

21 f) consider all known clinical aspects of the health care service under review, including but  
22 not limited to, a review of all pertinent medical records provided to the utilization review

1 entity by the enrollee's health care provider, any relevant records provided to the  
2 utilization review entity by a health care facility, and any medical literature provided to  
3 the utilization review entity by the health care provider.

4 **Section VIII. Utilization review entity's obligations with respect to prior authorizations in**

5 **non-urgent circumstances.** If a utilization review entity requires prior authorization of a health  
6 care service, the utilization review entity must make a prior authorization or adverse  
7 determination and notify the enrollee and the enrollee's health care provider of the prior  
8 authorization or adverse determination within 48 hours of obtaining all necessary information to  
9 make the prior authorization or adverse determination. For purposes of this section, "necessary  
10 information" includes the results of any face-to-face clinical evaluation or second opinion that  
11 may be required.

12 **Section IX. Utilization review entities' obligations with respect to prior authorizations**

13 **concerning urgent health care services.** A utilization review entity must render a prior  
14 authorization or adverse determination concerning urgent care services, and notify the enrollee  
15 and the enrollee's health care provider of that prior authorization or adverse determination not  
16 later than twenty-four (24) hours after receiving all information needed to complete the review of  
17 the requested health care services.

18 **Section X. Utilization review entity's obligations with respect to prior authorization**

19 **concerning emergency health care services.**

- 20 a) A utilization review entity cannot require prior authorization for pre-hospital  
21 transportation or for the provision of emergency health care services.



- 1        b) A utilization review entity shall allow an enrollee and the enrollee's health care provider  
2            a minimum of twenty-four (24) hours following an emergency admission or provision of  
3            emergency health care services for the enrollee or health care provider to notify the  
4            utilization review entity of the admission or provision of health care services. If the  
5            admission or health care service occurs on a holiday or weekend, a utilization review  
6            entity cannot require notification until the next business day after the admission or  
7            provision of the health care services.
- 8        c) A utilization review entity shall cover emergency health care services necessary to screen  
9            and stabilize an enrollee. If a health care provider certifies in writing to a utilization  
10           review entity within seventy-two (72) hours of a enrollee's admission that the enrollee's  
11           condition required emergency health care services, that certification will create a  
12           presumption that the emergency health care services were medically necessary and such  
13           presumption may be rebutted only if the utilization review entity can establish, with clear  
14           and convincing evidence, that the emergency health care services were not medically  
15           necessary.
- 16       d) The medical necessity or appropriateness of emergency health care services cannot be  
17           based on whether those services were provided by participating or nonparticipating  
18           providers. Restrictions on coverage of emergency health care services provided by  
19           nonparticipating providers cannot be greater than restrictions that apply when those  
20           services are provided by participating providers.
- 21       e) If an enrollee receives an emergency health care service that requires immediate post  
22           evaluation or post-stabilization services, a utilization review entity shall make an

1 authorization determination within sixty (60) minutes of receiving a request; if the  
2 authorization determination is not made within sixty (60) minutes, such services shall be  
3 deemed approved.

4 **Section XI. No prior authorization for MAT.** A utilization review entity may not require prior  
5 authorization for the provision of MAT for the treatment of opioid-use disorder.

6 **Section XII. Retrospective denial.** The utilization review entity may not revoke, limit,  
7 condition or restrict a prior authorization if care is provided within 45 working days from the  
8 date the health care provider received the prior authorization.

9 **Section XIII. Length of prior authorization.** A prior authorization shall be valid for one year  
10 from the date the health care provider receives the prior authorization and the authorization  
11 period shall be effective regardless of any changes in dosage for a prescription drug prescribed  
12 by the health care provider. *[Drafting Note: States may want to connect this provision for*  
13 *prescription drugs to the statutory length of a prescription under their Pharmacy Practice Act, if*  
14 *it is greater than one year.]*

15 **Section XIV: Length of prior authorization for treatment for chronic or long-term care**  
16 **conditions.** If a utilization review entity requires a prior authorization for a health care service  
17 for the treatment of a chronic or long-term care condition, the prior authorization shall remain  
18 valid for the length of the treatment and the utilization review entity may not require the enrollee  
19 to obtain a prior authorization again for the health care service.

20 **Section XV: Continuity of care for enrollees.**

21 (a) On receipt of information documenting a prior authorization from the enrollee or from  
22 the enrollee's health care provider, a utilization review entity shall honor a prior

1 authorization granted to an enrollee from a previous utilization review entity for at least  
2 the initial 60 days of an enrollee's coverage under a new health plan.

3 (b) During the time period described in paragraph (a) of this subsection, a utilization review  
4 entity may perform its own review to grant a prior authorization.

5 (c) If there is a change in coverage of, or approval criteria for, a previously authorized health  
6 care service, the change in coverage or approval criteria does not affect an enrollee who  
7 received prior authorization before the effective date of the change for the remainder of  
8 the enrollee's plan year.

9 (d) A utilization review entity shall continue to honor a prior authorization it has granted to  
10 an enrollee when the enrollee changes products under the same health insurance  
11 company.

12 **Section XVI. Electronic standards for prior authorization.** No later than January 1, 20XX,  
13 the payer must accept and respond to prior authorization requests under the pharmacy benefit  
14 through a secure electronic transmission using the NCPDP SCRIPT Standard ePA transactions.  
15 Facsimile, propriety payer portals, electronic forms, or any other technology not directly  
16 integrated with a physician's electronic health record/electronic prescribing system shall not be  
17 considered secure electronic transmission.

18 **Section XVII. Health care services deemed authorized if a utilization review entity fails to**  
19 **comply with the requirements of this Act.** Any failure by a utilization review entity to comply  
20 with the deadlines and other requirements specified in this Act will result in any health care  
21 services subject to review to be automatically deemed authorized by the utilization review entity.

1 **Section XVIII. Severability.** If any provision of this Act or the application thereof to any  
2 person or circumstance is held invalid, such invalidity shall not affect other provisions or  
3 applications of the Act which can be given effect without the invalid provision or application,  
4 and to this end the provisions of this Act are declared to be severable.