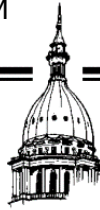




Senate Fiscal Agency  
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## BILL ANALYSIS



Telephone: (517) 373-5383  
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Senate Bill 178 (Substitute S-1 as reported)  
Senate Bill 179 (as reported without amendment)  
Sponsor: Senator Tonya Schuitmaker  
Committee: Insurance

**CONTENT**

Senate Bill 178 (S-1) would add Section 2212c to the Insurance Code to:

- Require the Commissioner of the Office of Financial and Insurance Regulation (OFIR), by January 1, 2014, to develop a standard methodology that a prescriber would have to use to request and receive prior authorization for prescription drug benefits, when required by an insurer.
- Require the Commissioner to appoint a workgroup to assist in development of the methodology, and hold at least one public meeting.
- Require the methodology to enable a prescriber to designate a prior authorization request for expedited review.
- Require an insurer to use the standard methodology beginning July 1, 2015.
- 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, 2015.
- 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, 2015.

Senate Bill 179 would amend the Nonprofit Health Care Corporation Reform Act to provide that Section 2212c of the Insurance Code would apply to BCBSM. The bill is tie-barred to Senate Bill 178.

Proposed MCL 500.2212c (S.B. 178)  
Proposed MCL 550.1402d (S.B. 179)

Legislative Analyst: Julie Cassidy

**FISCAL IMPACT**

A standard prior authorization form could reduce administrative costs for insurers. This could lead to marginally lower costs for insurance, which would result in a small, indeterminate reduction in employee benefit costs for State and local government.

The bills also would have a minor, but negative direct fiscal impact on the Office of Financial and Insurance Regulation. The required workgroup would likely be supported by existing OFIR resources.

Date Completed: 3-6-13

Fiscal Analyst: Steve Angelotti  
Josh Sefton