

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.3406o Insurer providing prescription drug coverage; formulary restrictions; expedited review of coverage for nonformulary alternative; determination; subject to 500.3406w.

Sec. 3406o. (1) An insurer that delivers, issues for delivery, or renews in this state a health insurance policy that provides coverage for prescription drugs and limits those benefits to drugs included in a formulary shall do all of the following:

(a) Provide for participation of participating physicians, dentists, and pharmacists in the development of the formulary.

(b) Disclose to health care providers and upon request to insureds the nature of the formulary restrictions.

(c) Provide for exceptions from the formulary limitation when a nonformulary alternative is a medically necessary and appropriate alternative. This subdivision does not prevent an insurer from establishing prior authorization requirements or another process for consideration of coverage or higher cost-sharing for nonformulary alternatives.

(2) On a request for an expedited review of coverage for a nonformulary alternative based on exigent circumstances, an insurer shall make a determination and notify the enrollee or the enrollee's designee and the prescribing physician, or other prescriber, as appropriate, of the determination within 24 hours after the insurer receives all information necessary to determine whether the exception should be granted. For purposes of this subsection, exigent circumstances exist when an enrollee is suffering from a health condition that may seriously jeopardize the enrollee's life, health, or ability to regain maximum function or when an enrollee is undergoing a current course of treatment using a nonformulary drug.

(3) If subsection (2) does not apply, an insurer shall make a determination on coverage for a nonformulary alternative and notify the enrollee or the enrollee's designee and the prescribing physician, or other prescriber, as appropriate, of the determination within 72 hours after the insurer receives all information necessary to determine whether the exception should be granted.

(4) This section is subject to section 3406w.

History: Add. 1999, Act 177, Imd. Eff. Nov. 16, 1999;—Am. 2016, Act 276, Imd. Eff. July 1, 2016;—Am. 2020, Act 322, Imd. Eff. Dec. 29, 2020.

Popular name: Act 218