

Testimony
Engrossed House Bill 1274 – Department of Human Services
Senate Industry, Business, and Labor Committee
Senator Jerry Klein, Chairman
March 12, 2013

Chairman Klein, members of the Senate Industry, Business, and Labor Committee, I am Dr. Brendan Joyce, Administrator of Pharmacy Services for the Medical Services Division of the Department of Human Services. I am here to provide information regarding Engrossed House Bill 1274 and the fiscal note submitted by the Department.

Given the effective date in the bill, there will be a fiscal impact to the Department, beginning in the 2013-2015 biennium, to comply with the requirements proposed in the bill. The fiscal note estimates expenditures for the following services:

- Vendor contract for electronic prior authorization processing.
- ITD services for Pharmacy Point-of-Sale (POS)/Medicaid Management Information System (MMIS) interface with vendor.
- Pharmacist FTE for design, implementation, and maintenance of e-prior authorization system and rules engine.

The fiscal estimates were determined based on the approach for implementation of rules-based prior authorization programs as operated in other state Medicaid programs, including South Dakota and Minnesota, as well as from quotes for services from vendors. All programming logic required for electronic prior authorization processing is the same as rules-based prior authorization programs, so it is a valid comparison in spite of the fact that electronic prior authorization does not yet exist.

Within the existing statutory language, there appears to be a conflict in subsection 2. On page 1, lines 18-22, the language specifically does not allow advertising, commercial messaging, and popup advertisements. This seems to conflict with the rest of the subsection found on page 1, lines 22-24 and lines 1-5 on page 2 which contains language that places specific restrictions on advertising, commercial messaging, and popup advertisements which are not allowed by the first sentence of that subsection.

Finally, on page 2, paragraph 3, line 7, the statement “. . . or make more difficult . . .” is a concern, as the Department has been exploring participation in e-prescribing. Specifically, vendors have expressed concern over the statement, which restricts normal business practice for e-prescribing software. The concern arises because “make more difficult” can be very subjective. For instance, one vendor told the Department that if a drug is non-formulary for a payer, based on this language, they would not be able to provide a message to the prescriber as the extra click(s) to bypass the notification could be construed as “making it more difficult” to prescribe a particular pharmaceutical. The Department suggests removing the language, which will hopefully allow e-prescribing vendors to use their standard solution, without having to customize it for North Dakota payers and providers.

The Department would be happy to suggest amendment language to the committee for the two items noted above.

I would be happy to answer any questions you may have.