

**Testimony**  
**Department of Human Services**  
**House Human Services Committee**  
**Representative Robin Weisz, Chairman**  
**January 30, 2013**

Chairman Weisz, members of the House Human Services 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 House Bill 1274 and the fiscal note submitted by the Department.

Given the effective dates in the bill, there will be a fiscal impact to the Department to comply with the requirements proposed in the bill. The dollar amounts are listed in the fiscal note 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 are operated in many state Medicaid programs, including South Dakota and Minnesota. Also, we requested quotes for such 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 given the fact that electronic prior authorization does not yet exist.

Within the bill language, there appears to be a conflict in paragraph 2. Lines 18-22 specifically do not allow advertising, commercial messaging, and popup advertisements. Lines 22-24 and lines 1-5 on page 2 place specific restrictions on these actions (advertising, commercial messaging, and popup advertisements) that are not allowed.

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 large concern over that statement restricting the normal business practice for e-prescribing software as the statement is arbitrary. 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 vendor suggested striking the words “or make more difficult” to allow them to continue to provide their normal e-prescribing solution for the payers.

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