

# JLBC Fiscal Note

**BILL #** HB 2725

**TITLE:** AHCCCS; prescription drug coverage

**SPONSOR:** Bliss

**PREPARED BY:** Brian Belakovsky

**STATUS:** As Introduced

## Description

The bill would prohibit the Arizona Health Care Cost Containment System (AHCCCS) from imposing more restrictive utilization controls—such as prior authorization or step therapy requirements—on clinically appropriate non-opioid prescription medications than those applied to opioid or narcotic medications. It would also prevent AHCCCS contractors from therapeutically substituting a non-opioid prescription with an opioid.

## Estimated Impact

The bill may significantly impact AHCCCS' program costs to the extent that it results in a greater usage of higher-cost drugs relative to current prescription trends. Based on testimony from AHCCCS, we estimate that several non-opioid drugs with utilization controls on AHCCCS's drug formulary would be impacted and consequently prescribed more frequently. To the extent that the bill increases accessibility of non-opioid medications compared with opioid medications relative to current policy, the bill could also impact use of opioid medications by AHCCCS members. We cannot, however, determine the fiscal impact of this bill without additional information from the agency.

We have asked AHCCCS for an estimate of the bill's fiscal impact, but we have not yet received a response.

## Analysis

Our estimated impact is based on the following assumptions and data sources:

- 1) Prior authorization and step therapy protocols are utilization controls commonly used by health insurers and their contractors to limit coverage of medications and services until certain requirements are met. Prior authorization requires the member to meet specific criteria, such as having certain health conditions or attempting alternative treatments. A step therapy protocol requires the member to take 1 or more alternative medications that fail to treat the member's condition before the insurer covers the prescribed medication.
- 2) AHCCCS stated in testimony before the House Health and Human Services Committee that the bill would limit its ability to impose prior authorization and step therapy for any non-opioid drug, both for pain relief and non-pain relief purposes. Therefore, they estimate that many non-opioid drugs on its drug formulary would be affected by the bill's requirements.
- 3) AHCCCS has hundreds of non-opioid drugs on its formulary with utilization controls. Each non-opioid medication with utilization controls would be required to be covered for AHCCCS members to the lowest level of utilization controls for any opioid medication. As such, the utilization of higher-cost non-opioid drugs would increase.
- 4) AHCCCS prescription drug cost and utilization data would be required to assess the impact of these changes.

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