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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
and Drafting

Legislative Budget
Office

H.B. 220
136th General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 220's Bill Analysis](#)

Version: As Introduced

Primary Sponsor: Rep. Workman

Local Impact Statement Procedure Required: No

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Highlights

- The bill may increase costs to the state and local governments to provide health benefits to employees and their beneficiaries.
- The Ohio Department of Medicaid will experience cost increases for prescription drugs and administration. The scale of these increases is unknown.

Detailed Analysis

Health insurers

The bill requires health insurers (1) to honor a prior authorization approval if a provider prescribes a change in dosage of the approved drug, and (2) to identify the name, specialty, and relevant qualifications of the clinical peer who evaluates an appeal process relating to prior authorization denials. The bill also prohibits health insurers prohibited from charging a fee for appealing an adverse prior authorization determination. Health insurers apply to health insuring corporations (HICs), sickness and accident insurers, and public employee benefit plans.

The bill's requirements may increase administrative and prescriptions costs of the state and local governments' employee health benefit plans, thus increasing costs to provide health benefits to employees and their dependents. The state provides self-insured health benefit plans in which the state pays all benefit costs directly while contracting with private insurers to administer the benefits. The state's costs to provide health benefits to employees and their dependents are paid from the Health Benefit Fund (Fund 8080). Fund 8080 receives funding through state employee payroll deductions and state agency contributions toward their employees' health benefits, which come out of the GRF and various other state funds. Detailed information related to prior authorization requirements under local governments' employee

health benefit plans are not readily available. However, local government plans that have already complied with the bill's requirements would have no direct fiscal effect.

Medicaid

The bill has the same requirements for the Ohio Department of Medicaid (ODM) as for private health insurers regarding honoring a prior authorization approval if a provider changes the prescribed dosage of an approved drug, identifying certain information of the clinical peer evaluating an appeal of an authorization denial, and prohibiting the charge of a fee for appealing an adverse determination. These requirements would affect ODM's costs for prescription drugs and administration, but the size of the effect is unknown. If the bill results in more previously denied or dose-adjusted prescriptions and services being paid – since prior authorizations must now be honored and retroactive denials for mental health or substance use disorder treatments are prohibited – Medicaid drug payments could rise. The extent of this increase would depend on several factors: (a) the frequency of past retroactive denials by ODM, (b) the number of cases involving dosage adjustments, and (c) whether prescribers or clinical practices change their behavior in response to the new requirements. Administration costs will increase from reporting information about prior authorization denials.