

SESSION OF 2002

**SUPPLEMENTAL NOTE ON HOUSE SUBSTITUTE  
FOR SENATE SUBSTITUTE FOR  
SENATE BILL NO. 422**

As Recommended by House Committee on Appropriations

**Brief\***

House Sub. for Senate Sub. for SB 422 concerns reimbursement by the Department of Social and Rehabilitation Services for certain drugs. The bill mandates the use of generic equivalent drugs unless the prescriber has personally written "dispense as written" or "D.A.W." or has signed the prescriber's name on the "dispense as written" signature line. The bill also prohibits requiring pharmacists to dispense a prescription-only drug that will not be reimbursed by the medical assistance program.

House Sub. for Senate Sub. for SB 422 makes changes to the prior authorization process requirements for the Secretary of Social and Rehabilitation Services. The bill allows the Department to implement permanent prior authorization 30 days after receipt of comments by the Drug Utilization Review Board.

House Sub. for Senate Sub. for SB 422 also includes the provisions of SB 603, establishing a State Medicaid Drug Formulary Committee without specifying the membership. The Secretary of SRS is charged with the evaluation of drugs for a formulary, based on safety, efficiency, and clinical outcomes of drugs. Drugs that are not approved for the formulary may be subject to prior authorization. The bill also allows the Secretary of SRS to consider net economic impact of drugs selected for or excluded from the formulary based on information gathered about the costs of the drugs and various rebates or discounts that may be provided; dispensing costs; dosing requirements; and utilization. SRS is also given the authority to accept services in lieu of or in addition to discounts and rebates.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org/cgi-bin/fulltext/bills.cgi>

The drugs for the preferred formulary will then be reviewed by the Drug Utilization Review Board and policy recommendations given to SRS.

Medications including atypical anti-psychotic medications, conventional anti-psychotic medications, and others medications used for the treatment of severe mental illness are not restricted.

The bill includes the use of “dispense as written”, “D.A.W.”, or the prescriber’s name on the “dispense as written” signature line to allow the use of non-formulary drugs without prior authorization, with a one-year sunset provision. In addition, beneficiaries with multiple prescriptions will be reviewed by the Drug Utilization Review Board, a starter dose program is created, a differential dispensing fee program is created for adult care homes using the unit dose system, available only to pharmacies allowing returns and refunds for unused unit doses, and a system of differential rebates for generic and brand name drugs is instituted.

The bill also reconstitutes the Drug Utilization Review Board and requires a recorded vote for all actions of the board. The board will consist of four licensed pharmacists, three licensed physicians, and a registered nurse practitioner.

## **Background**

Sub. for SB 422 was requested by the Department of Social and Rehabilitation Services as an alternative to the original SB 422, which amended the same sections.

A fiscal note on the bill as amended has not yet been requested.