

Hearing on SB 328– Electronic Prescription and Prior Authorization
Senate Public Health and Welfare
February 2, 2012

Madam Chair, Members of the Committee, thank you for the opportunity to discuss SB 328 today. My name is Nancy Zogleman and I am Legislative Counsel for Pfizer. Pfizer is the world's largest biopharmaceutical company with a diversified health care portfolio that includes human and animal medicines, sold in both branded and generic medicines. With me today is Drue Duncan from Pfizer.

Pfizer supports the efforts of the Board of Pharmacy by preparing a foundation for electronic prescribing. Electronic prescribing (eRx) is the ability to send prescriptions from providers to the pharmacy electronically.

A part of this process should include the ability to adjudicate prior authorization and step therapy protocols online. **We are not here today to debate the need for prior authorization only the need to streamline, standardize and automate it.**

The current process for obtaining a prescription medicine often requires the patient to travel to the pharmacy before being told a prior authorization is required. At that point, the pharmacist must call or fax the physician and ask him/her to proceed with requesting a prior authorization. In the meantime, the patient is asked to return to the pharmacy later, after the required authorization is received.

According to a survey conducted American Medical Association (AMA) in May of 2010:

- More than two-thirds (67%) of physicians have trouble determining *which* drugs require preauthorization by insurers
- More than two-thirds (69%) of physicians typically wait several days to receive preauthorization from an insurer for drugs, while one in ten (10%) wait more than a week.
- Nearly all physicians surveyed said that streamlining the preauthorization process is important and 75% believe an automated process would increase efficiency.

These kinds of hurdles waste physicians' and pharmacists' time and add unnecessary expense to the system. A study published in *Health Affairs* in 2009 showed physicians spend between \$23.2 to \$31 billion a year on administrative issues such as paper prior authorization.

States have moved forward in addressing this issue.

Florida, California, Minnesota and North Dakota have all passed laws that require forward movement on electronic prior authorization.

The state of Missouri implemented an electronic prior authorization system over five years ago that reduced the cost of its Medicaid prescription drug program by 9 percent.

Last year, Kansas implemented a similar electronic PA program for Medicaid. Savings are projected at \$1.5 million per year. (see attached articles) This requirement of providing electronic prior authorization was also included in the RFP for the Medicaid Managed Care contract.

We believe if this is an important effort for Kansas Medicaid patients, it should also be important for all Kansans receiving health care.

Therefore, I would like to offer an amendment that would start the process of moving Kansas to a standardized process across all payers. Please note the attached amendment.

“The electronic transmission of prescription orders shall provide the prescriber with the ability to electronically request approval criteria for prior authorizations and step therapy protocols and receive approvals for prior authorizations and step therapy protocols within 48 hours from the time the prescription order is received.”

In closing, we respectfully request that you consider our amendment to SB 328. We look forward to working with the members of this committee and other stakeholders to see that the best interests of the patient are preserved. Thank you.