

Blodgett, Ch  
Boddicker  
Foerger

HSB 195

HUMAN RESOURCES

Successor by  
SF/195 2014

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
HUMAN RESOURCES BILL BY  
CHAIRPERSON BODDICKER)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

A BILL FOR

1 An Act establishing an Iowa drug utilization review commission  
2 within the department of human services and providing an  
3 effective date.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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~~Section 1~~  
249A.30

1 ~~Section 1.~~ NEW SECTION. 249A.30 IOWA DRUG UTILIZATION  
2 REVIEW COMMISSION CREATED.

3 1. A drug utilization review commission is established  
4 within the department. The meetings of the commission are  
5 subject to chapter 21.

6 2. The commission shall consist of the following members:

7 a. Two physicians licensed pursuant to chapter 148, at  
8 least one of whom maintains a practice which includes a large  
9 percentage of patients who are recipients of medical  
10 assistance, recommended by the Iowa medical society.

11 b. Two physicians of osteopathic medicine and surgery  
12 licensed pursuant to chapter 150A, at least one of whom  
13 maintains a practice which includes a large percentage of  
14 patients who are recipients of medical assistance, recommended  
15 by the Iowa society of osteopathic medicine.

16 c. One academically credentialed pharmacist, recommended  
17 by the president of Drake university or the president of the  
18 university of Iowa.

19 d. One hospital-based pharmacist, recommended by the  
20 association of Iowa hospitals and health systems.

21 e. One retail pharmacist, recommended by the Iowa  
22 pharmacists association.

23 f. One public member representing persons eligible for  
24 medical assistance.

25 3. The physician and pharmacist members of the commission  
26 shall have knowledge and expertise in at least one of the  
27 following areas:

28 a. Clinically appropriate prescribing of drugs used on an  
29 outpatient basis which are covered under the medical  
30 assistance program.

31 b. Clinically appropriate dispensing and monitoring of  
32 drugs used on an outpatient basis which are covered under the  
33 medical assistance program.

34 c. Drug use review, evaluation, and intervention.

35 d. Medical quality assurance.

1 4. The members of the commission shall be appointed by and  
 2 serve at the pleasure of the governor. Appointments are  
 3 subject to sections 69.16 and 69.16A. Members of the  
 4 commission shall serve two-year terms and shall not serve more  
 5 than three consecutive terms. The members shall receive a per  
 6 diem and expenses in accordance with section 7E.6, subsection  
 7 1.

8 5. The commission shall perform the activities prescribed  
 9 under federal law and regulations including the application of  
 10 predetermined standards, the performance of retrospective and  
 11 prospective drug utilization, the provision of education  
 12 programs, the making of recommendations pursuant to subsection  
 13 6 regarding drugs to be subject to prior authorization  
 14 requirements, and such other duties as may be required for  
 15 compliance with federal laws and regulations and for federal  
 16 approval of the department's state medical assistance plan.

17 6. If the commission recommends a drug for inclusion on  
 18 the list of drugs for which prior authorization is required,  
 19 the commission shall include in its recommendation to the  
 20 department an impact statement concerning the effect of the  
 21 administrative delay on patient care; the administrative cost  
 22 to pharmacies, physicians, health care facilities, and  
 23 patients; and the quality of life implications for patients.  
 24 Drugs recommended by the commission for prior authorization  
 25 shall only be added to the listing by rule pursuant to chapter  
 26 17A. Six months following placement of a drug on the prior  
 27 authorization list, the commission shall conduct a review to  
 28 determine whether that drug should remain on the list.

29 7. The department shall do all of the following:  
 30 a. Implement a drug review program designed to measure and  
 31 assess the proper uses of drugs prescribed on an outpatient  
 32 basis under the medical assistance program, to ensure that  
 33 prescriptions are appropriate, medically necessary, and not  
 34 likely to result in adverse medical outcomes. The department  
 35 shall consider any recommendations of the drug utilization

1 review commission in designing the program.

2     b. Develop the criteria and standards to be used  
3 prospectively, before a drug is dispensed, and  
4 retrospectively, based on historical review of drug use data.  
5 The standards shall reflect prescribing practices in order to  
6 monitor therapeutic appropriateness, over-utilization and  
7 under-utilization, therapeutic duplication, drug-disease  
8 contraindications, drug-drug interactions, incorrect drug  
9 dosage, duration of drug treatment, and clinical drug abuse or  
10 misuse. Retrospective drug utilization review shall identify  
11 patterns of fraud, abuse, gross overuse or underuse and  
12 inappropriate or medically unnecessary care.

13     c. With respect to administering a prior authorization  
14 program:

15     (1) Only place a drug on the prior authorization listing  
16 for clinical reasons.

17     (2) Comply with chapter 17A when adopting rules in adding  
18 a drug to the prior authorization listing.

19     (3) Include any recommendations of the drug utilization  
20 review commission in a notice of intended action under chapter  
21 17A.

22     (4) Provide telephone or facsimile approval or denial  
23 within twenty-four hours of receipt of a prior authorization  
24 request.

25     (5) Permit a seventy-two hour supply of any drug on the  
26 prior authorization listing to be dispensed in emergencies, as  
27 defined by rule.

28     d. Adopt recommendations of the drug utilization review  
29 commission as administrative rules, unless the department  
30 makes a written finding that the recommendations are  
31 arbitrary, capricious, or without merit in law or fact, which  
32 finding shall be included in the notice of intended action  
33 related to adoption of rules which incorporate the subject  
34 matter of the recommendation of the commission.

35     e. Provide administrative support to the drug utilization

1 review commission.

2 Sec. 2. COMMISSION ABOLISHED. The department of human  
3 services shall adopt rules to replace the current drug  
4 utilization review commission with the drug utilization review  
5 commission created in this Act.

6 Sec. 3. EFFECTIVE DATE. This Act, being deemed of  
7 immediate importance, takes effect upon enactment.

8 EXPLANATION

9 This bill establishes a drug utilization review commission  
10 within the department of human services to replace the drug  
11 utilization review commission which exists under  
12 administrative rules. The existence of such an entity is  
13 required under the medical assistance program. The bill  
14 prescribes the membership of the commission whose members are  
15 to be appointed by the governor, the terms of the members, and  
16 the duties of the commission. The bill also directs the  
17 department of human services to implement a drug review  
18 program, develop criteria and standards for prospective and  
19 retrospective drug utilization review, perform certain  
20 functions with respect to prior authorization, adopt rules to  
21 incorporate recommendations of the drug utilization review  
22 commission if not arbitrary, capricious, or without merit in  
23 law or fact, provide administrative support to the drug  
24 utilization review commission, and adopt rules to replace the  
25 current commission with the drug utilization review commission  
26 created in the bill. The bill takes effect upon enactment.

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REPRINTED

MAR 19 1999

HOUSE FILE 734

Place On Calendar

BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO HSB 195)

(p. 978)  
 Passed House, Date 3/31/99 Passed Senate, Date \_\_\_\_\_  
 Vote: Ayes 52 Nays 46 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
 Approved \_\_\_\_\_

A BILL FOR

1 An Act establishing an Iowa drug prior authorization review panel  
 2 within the department of human services and providing an  
 3 effective date.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 734

1 Section 1. NEW SECTION. 249A.30 IOWA DRUG PRIOR  
2 AUTHORIZATION REVIEW PANEL.

3 1. A drug prior authorization review panel is established  
4 within the department. The meetings of the panel are subject  
5 to chapter 21.

6 2. The panel shall consist of the following members:

7 a. Two physicians licensed pursuant to chapter 148, at  
8 least one of whom maintains a practice which includes a large  
9 percentage of patients who are recipients of medical  
10 assistance, one of whom shall be recommended by the Iowa  
11 medical society and one of whom shall be recommended by the  
12 Iowa academy of family physicians.

13 b. One physician of osteopathic medicine and surgery  
14 licensed pursuant to chapter 150A, who maintains a practice  
15 which includes a large percentage of patients who are  
16 recipients of medical assistance, recommended by the Iowa  
17 society of osteopathic medicine.

18 c. One academically credentialed pharmacist, recommended  
19 by the Iowa pharmacy association.

20 d. One hospital-based pharmacist, recommended by the Iowa  
21 pharmacy association.

22 e. One retail pharmacist, recommended by the Iowa pharmacy  
23 association.

24 f. Three public members representing persons eligible for  
25 medical assistance.

26 3. The physician and pharmacist members of the panel shall  
27 have knowledge and expertise in at least one of the following  
28 areas:

29 a. Clinically appropriate prescribing of drugs used on an  
30 outpatient basis which are covered under the medical  
31 assistance program.

32 b. Clinically appropriate dispensing and monitoring of  
33 drugs used on an outpatient basis which are covered under the  
34 medical assistance program.

35 c. Drug use review, evaluation, and intervention.

1 d. Medical quality assurance.

2 4. The members of the panel shall be appointed by and  
3 serve at the pleasure of the governor. Appointments are  
4 subject to sections 69.16 and 69.16A. Members of the panel  
5 shall serve two-year terms and shall not serve more than three  
6 consecutive terms. The members shall receive a per diem and  
7 expenses in accordance with section 7E.6, subsection 1.

8 5. The panel shall make recommendations pursuant to  
9 subsection 6 regarding drugs to be subject to prior  
10 authorization requirements in compliance with federal laws and  
11 regulations for federal approval of the department's state  
12 medical assistance plan.

13 6. If the department recommends a drug for inclusion on  
14 the list of drugs for which prior authorization is required,  
15 the department shall include in its recommendation to the  
16 panel an impact statement concerning the anticipated effect of  
17 any administrative delay on patient care; the administrative  
18 cost to pharmacies, physicians, health care facilities, and  
19 patients; and the quality of life implications for patients.  
20 Drugs recommended by the panel for prior authorization shall  
21 only be added to the listing by rule pursuant to chapter 17A.  
22 Six months following placement of a drug on the prior  
23 authorization list, the panel shall conduct a review to  
24 determine whether that drug should remain on the list.

25 7. The department shall, with respect to administering a  
26 prior authorization program, do all of the following:

27 a. Make findings, based on clinical reasons, for placing a  
28 drug on the prior authorization listing in addition to any  
29 other consideration including cost savings.

30 b. Comply with chapter 17A when adopting rules in adding a  
31 drug to the prior authorization listing.

32 c. Include any recommendations of the drug prior  
33 authorization review panel in a notice of intended action  
34 under chapter 17A.

35 d. Provide telephone or facsimile approval or denial

1 within twenty-four hours of receipt of a prior authorization  
2 request.

3 e. Permit a seventy-two-hour supply of any drug on the  
4 prior authorization listing to be dispensed in emergencies, as  
5 defined by rule.

6 f. Provide administrative support to the drug prior  
7 authorization review panel.

8 Sec. 2. RULES RESCINDED. The administrative rules  
9 relating to the prescription drugs subject to prior  
10 authorization under the medical assistance program pursuant to  
11 441 IAC 78.1(2)(a)(3) are rescinded as of July 1, 2000. The  
12 panel shall make recommendations to the department of human  
13 services by January 1, 2000, regarding drugs or classes of  
14 drugs to be placed on the prior authorization listing.

15 Sec. 3. EFFECTIVE DATE. This Act, being deemed of  
16 immediate importance, takes effect upon enactment.

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#### EXPLANATION

18 This bill establishes a drug prior authorization review  
19 panel within the department of human services. The bill  
20 prescribes the membership of the panel, whose members are to  
21 be appointed by the governor, and provides for the terms of  
22 the members. The duty of the panel is to make recommendations  
23 to the department of human services regarding drugs to be  
24 subject to prior authorization, as required pursuant to  
25 federal law and regulation under the medical assistance  
26 program. The recommendations are to be considered by the  
27 department in adopting rules to place a drug on the prior  
28 authorization listing. The bill also directs the department  
29 of human services to perform certain functions with respect to  
30 the prior authorization program and the panel, including  
31 providing administrative support to the panel. The bill  
32 provides for rescission of the existing rules relating to  
33 prescription drugs subject to prior authorization as of July  
34 1, 2000, and instructs the panel to make recommendations to  
35 the department of human services by January 1, 2000, regarding

1 drugs or classes of drugs to be placed on the prior  
2 authorization listing.

3     The bill takes effect upon enactment.

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**HOUSE FILE 734  
FISCAL NOTE**

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A fiscal note for House File 734 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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House File 734 creates a drug prior authorization panel appointed by the Governor to make recommendations to the Department of Human Services (DHS) regarding drugs to be placed under prior authorization. The Bill also rescinds the current drug prior authorization rules effective July 1, 2000, and directs the drug prior authorization panel to make new drug prior authorization recommendations to the DHS by January 1, 2000. The DHS is required to staff and compensate the drug prior authorization panel.

**BACKGROUND**

Prior authorization for prescription drugs is one method by which state Medicaid agencies attempt to control prescription consumption and thereby reduce system costs. Prior authorization policy places selected drugs in a formulary that can only be reimbursed after the prescribing physician and the pharmacist submit a request indicating that the drug is medically necessary. The DHS estimates that Iowa's current prior authorization saves the State of Iowa \$5.3 million annually.

**ASSUMPTIONS**

1. A nine member drug prior authorization panel will be appointed by the Governor as of July 1, 1999.
2. The DHS will reimburse panel members a per diem and expenses as required by this Bill.
3. The DHS will hire one pharmacist and one administrative assistant to support the drug prior authorization panel.
4. The federal government will provide a 75.0% federal matching rate for the salaries and expenses of the panel members and DHS pharmacist, and a 50.0% federal matching rate for the salary and expenses of the DHS administrative assistant.
5. The State share of salary and expenses for the drug prior authorization panel and support staff will be approximately \$111,000 in FY 2000 and \$108,000 in FY 2001.
6. The new drug prior authorization administrative rules recommended by the drug prior authorization panel may restrict or enhance the cost savings achieved under current drug prior authorization administrative rules. The impact on cost savings cannot be determined.

FISCAL IMPACT

The fiscal impact of House File 734 will be a General Fund cost of approximately \$111,000 in FY 2000 and \$108,000 in FY 2001.

SOURCE

Department of Human Services

(LSB 2569hv, DAA)

FILED MARCH 23, 1999

BY DENNIS PROUTY, FISCAL DIRECTOR

## HOUSE FILE 734

H-1306

1 Amend House File 734 as follows:

2 1. Page 1, lines 1 and 2, by striking the words  
3 "PRIOR AUTHORIZATION REVIEW PANEL" and inserting the  
4 following: "UTILIZATION REVIEW COUNCIL".

5 2. Page 1, by striking lines 3 through 6, and  
6 inserting the following:

7 "1. A drug utilization review council is  
8 established within the department. The meetings of  
9 the council are subject to chapter 21. However, those  
10 portions of a meeting pertaining to matters of client  
11 and provider confidentiality are exempt under section  
12 21.5, and the council shall provide prior notice to  
13 the public of portions of any meeting which will be  
14 conducted in closed session.

15 2. The council shall consist of the following  
16 members:"

17 3. Page 1, line 10, by striking the word  
18 "recommended" and inserting the following:  
19 "designated".

20 4. Page 1, line 11, by striking the word  
21 "recommended" and inserting the following:  
22 "designated".

23 5. Page 1, line 16, by striking the word  
24 "recommended" and inserting the following:  
25 "designated".

26 6. Page 1, line 18, by striking the word  
27 "recommended" and inserting the following:  
28 "designated".

29 7. Page 1, line 20, by striking the word  
30 "recommended" and inserting the following:  
31 "designated".

32 8. Page 1, line 22, by striking the word  
33 "recommended" and inserting the following:  
34 "designated".

35 9. Page 1, by striking lines 24 through 26, and  
36 inserting the following:

37 "3. The members of the council shall".

38 10. Page 2, by striking lines 2 through 7, and  
39 inserting the following:

40 "4. The members of the council shall serve two-  
41 year terms and shall not serve more than two  
42 consecutive terms. The director of human services  
43 shall ensure that council membership meets the  
44 requirements of sections 69.16 and 69.16A with regard  
45 to original membership and subsequent membership.  
46 Vacancies shall be filled by the original designating  
47 organization and in the manner of the original  
48 designation. Members of the council shall receive a  
49 per diem and expenses in accordance with section 7E.6,  
50 subsection 1."

H-1306

- 1 11. Page 2, by striking line 8, and inserting the
- 2 following:
- 3 "5. The drug utilization review council shall make
- 4 recommendations to the council on human services
- 5 pursuant to".
- 6 12. Page 2, line 13, by striking the word
- 7 "department" and inserting the following: "council".
- 8 13. Page 2, line 15, by striking the word
- 9 "department" and inserting the following: "council".
- 10 14. Page 2, line 16, by striking the word "panel"
- 11 and inserting the following: "council on human
- 12 services".
- 13 15. Page 2, line 17, by inserting after the word
- 14 "care;" the following: "and".
- 15 16. Page 2, by striking line 19, and inserting
- 16 the following: "patients."
- 17 17. Page 2, line 20, by striking the word "panel"
- 18 and inserting the following: "council".
- 19 18. Page 2, by striking line 21, and inserting
- 20 the following: "only be added to the listing
- 21 following adoption by rule by the council on human
- 22 services pursuant to chapter 17A."
- 23 19. Page 2, line 23, by striking the word "panel"
- 24 and inserting the following: "council".
- 25 20. Page 2, by striking lines 32 through 34 and
- 26 inserting the following:
- 27 "c. Include any recommendations of the drug
- 28 utilization review council in a notice of intended
- 29 action under chapter 17A."
- 30 21. Page 3, by striking lines 6 and 7, and
- 31 inserting the following:
- 32 "f. Provide administrative support to the drug
- 33 utilization review council.
- 34 8. Within the first quarter of the state fiscal
- 35 year beginning July 1, 1999, the drug utilization
- 36 review council shall conduct a review of all the drugs
- 37 for which prior authorization is required to determine
- 38 if the drugs should remain on the listing and shall
- 39 report its findings to the council on human services
- 40 and to the general assembly by December 1, 1999. The
- 41 drug utilization review council shall subsequently
- 42 conduct such an annual review within the first quarter
- 43 of the state fiscal year and shall report its findings
- 44 to the council on human services and to the general
- 45 assembly by October 1 of each fiscal year."
- 46 22. Page 3, line 11, by striking the word "July"
- 47 and inserting the following: "September".
- 48 23. Page 3, line 12, by striking the word "panel"
- 49 and inserting the following: "drug utilization review
- 50 council".

H-1306

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- 1 24. Title page, line 1, by striking the words
- 2 "prior authorization review panel" and inserting the
- 3 following: "utilization review council".
- 4 25. By renumbering as necessary.

By HEATON of Henry  
BLODGETT of Cerro Gordo

*Adopted*  
3/31/99 (P.978)

## HOUSE FILE 734

H-1341

1 Amend the amendment, H-1306, to House File 734 as  
2 follows:

3 1. Page 1, line 4, by striking the word "COUNCIL"  
4 and inserting the following: "COMMISSION".

5 2. Page 1, by striking lines 7 through 16 and  
6 inserting the following:

7 "1. The department shall continue to contract  
8 with the peer review organization, with which the  
9 department held a contract to carry out the duties of  
10 the drug utilization review commission as of June 30,  
11 1999, in order to carry out the duties of the  
12 commission after that date. The meetings of the  
13 commission are subject to chapter 21, including the  
14 closed session provisions which allow the commission  
15 to conduct closed sessions pursuant to section 21.5  
16 for reasons including but not limited to matters of  
17 client and provider confidentiality. A member of the  
18 commission shall not receive any gift, as defined in  
19 section 68B.2, from a manufacturer or agent of a  
20 manufacturer of a drug or product which may be subject  
21 to review by the commission.

22 2. The commission shall consist of the following  
23 members:"

24 3. Page 1, by striking lines 29 through 34 and  
25 inserting the following:

26 "\_\_\_\_. Page 1, by striking lines 20 through 23 and  
27 inserting the following:

28 "d. One institution-based pharmacist, designated  
29 by the Iowa pharmacy association.

30 e. One community-based pharmacist, designated by  
31 the Iowa pharmacy association."

32 4. Page 1, by striking line 37 and inserting the  
33 following:

34 "'3. The members of the commission shall'."

35 5. Page 1, by striking lines 40 through 50 and  
36 inserting the following:

37 "'4. The members of the commission shall serve  
38 three-year terms and shall not serve more than two  
39 consecutive terms. The director of human services  
40 shall ensure that commission membership meets the  
41 requirements of sections 69.16 and 69.16A with regard  
42 to original membership and subsequent membership.  
43 Vacancies shall be filled by the original designating  
44 organization and in the manner of the original  
45 designation. Members of the commission shall receive  
46 compensation as provided under the contract entered  
47 into by the department pursuant to subsection 1'."

48 6. Page 2, line 3, by striking the word "council"  
49 and inserting the following: "commission".

50 7. page 2, line 7, by striking the word "council"

H-1341

H-1341

Page 2

- 1 and inserting the following: "commission".
- 2 8. Page 2, line 9, by striking the word "council"
- 3 and inserting the following: "commission".
- 4 9. Page 2, line 18, by striking the word
- 5 "council" and inserting the following: "commission".
- 6 10. Page 2, line 24, by striking the word
- 7 "council" and inserting the following: "commission".
- 8 11. Page 2, line 28, by striking the word
- 9 "council" and inserting the following: "commission".
- 10 12. Page 2, by striking lines 32 and 33.
- 11 13. Page 2, line 34, by striking the figure "8"
- 12 and inserting the following: ""8".
- 13 14. Page 2, line 36, by striking the word
- 14 "council" and inserting the following: "commission".
- 15 15. Page 2, line 41, by striking the word
- 16 "council" and inserting the following: "commission".
- 17 16. Page 2, line 50, by striking the word
- 18 "council" and inserting the following: "commission".
- 19 17. Page 3, by striking lines 1 through 3 and
- 20 inserting the following:
- 21 "\_\_\_". Title page, by striking lines 1 and 2, and
- 22 inserting the following: "An Act relating to the drug
- 23 utilization review commission and providing an"."

By HEATON of Henry

H-1341 FILED MARCH 31, 1999

ADOPTED

*(P. 978)*

HOUSE FILE 734

H-1175

- 1 Amend House File 734 as follows:
- 2 1. Page 3, by striking lines 8 through 14.
- 3 2. By renumbering as necessary.

By HEATON of Henry  
OSTERHAUS of Jackson  
HOUSER of Pottawattamie

H-1175 FILED MARCH 23, 1999

*Withdrawn*

*3/31/99*

*(P. 978)*

5-4/1/99 *Humor Recd.*  
2-4/1/99 *Do Pass*

HOUSE FILE 734  
BY COMMITTEE ON HUMAN RESOURCES

(SUCCESSOR TO HSB 195)

(As Amended and Passed by the House, March 31, 1999)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the drug utilization review commission and  
2 providing an effective date.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments \_\_\_\_\_

*HF 734*

1 Section 1. NEW SECTION. 249A.30 IOWA DRUG UTILIZATION  
2 REVIEW COMMISSION.

3 1. The department shall continue to contract with the peer  
4 review organization, with which the department held a contract  
5 to carry out the duties of the drug utilization review  
6 commission as of June 30, 1999, in order to carry out the  
7 duties of the commission after that date. The meetings of the  
8 commission are subject to chapter 21, including the closed  
9 session provisions which allow the commission to conduct  
10 closed sessions pursuant to section 21.5 for reasons including  
11 but not limited to matters of client and provider  
12 confidentiality. A member of the commission shall not receive  
13 any gift, as defined in section 68B.2, from a manufacturer or  
14 agent of a manufacturer of a drug or product which may be  
15 subject to review by the commission.

16 2. The commission shall consist of the following members:

17 a. Two physicians licensed pursuant to chapter 148, at  
18 least one of whom maintains a practice which includes a large  
19 percentage of patients who are recipients of medical  
20 assistance, one of whom shall be designated by the Iowa  
21 medical society and one of whom shall be designated by the  
22 Iowa academy of family physicians.

23 b. One physician of osteopathic medicine and surgery  
24 licensed pursuant to chapter 150A, who maintains a practice  
25 which includes a large percentage of patients who are  
26 recipients of medical assistance, designated by the Iowa  
27 society of osteopathic medicine.

28 c. One academically credentialed pharmacist, designated by  
29 the Iowa pharmacy association.

30 d. One institution-based pharmacist, designated by the  
31 Iowa pharmacy association.

32 e. One community-based pharmacist, designated by the Iowa  
33 pharmacy association.

34 3. The members of the commission shall have knowledge and  
35 expertise in at least one of the following areas:

1 a. Clinically appropriate prescribing of drugs used on an  
2 outpatient basis which are covered under the medical  
3 assistance program.

4 b. Clinically appropriate dispensing and monitoring of  
5 drugs used on an outpatient basis which are covered under the  
6 medical assistance program.

7 c. Drug use review, evaluation, and intervention.

8 d. Medical quality assurance.

9 4. The members of the commission shall serve three-year  
10 terms and shall not serve more than two consecutive terms.  
11 The director of human services shall ensure that commission  
12 membership meets the requirements of sections 69.16 and 69.16A  
13 with regard to original membership and subsequent membership.  
14 Vacancies shall be filled by the original designating  
15 organization and in the manner of the original designation.  
16 Members of the commission shall receive compensation as  
17 provided under the contract entered into by the department  
18 pursuant to subsection 1.

19 5. The drug utilization review commission shall make  
20 recommendations to the council on human services pursuant to  
21 subsection 6 regarding drugs to be subject to prior  
22 authorization requirements in compliance with federal laws and  
23 regulations for federal approval of the department's state  
24 medical assistance plan.

25 6. If the commission recommends a drug for inclusion on  
26 the list of drugs for which prior authorization is required,  
27 the commission shall include in its recommendation to the  
28 council on human services an impact statement concerning the  
29 anticipated effect of any administrative delay on patient  
30 care; and the administrative cost to pharmacies, physicians,  
31 health care facilities, and patients. Drugs recommended by  
32 the commission for prior authorization shall only be added to  
33 the listing following adoption by rule by the council on human  
34 services pursuant to chapter 17A. Six months following  
35 placement of a drug on the prior authorization list, the

1 commission shall conduct a review to determine whether that  
2 drug should remain on the list.

3 7. The department shall, with respect to administering a  
4 prior authorization program, do all of the following:

5 a. Make findings, based on clinical reasons, for placing a  
6 drug on the prior authorization listing in addition to any  
7 other consideration including cost savings.

8 b. Comply with chapter 17A when adopting rules in adding a  
9 drug to the prior authorization listing.

10 c. Include any recommendations of the drug utilization  
11 review commission in a notice of intended action under chapter  
12 17A.

13 d. Provide telephone or facsimile approval or denial  
14 within twenty-four hours of receipt of a prior authorization  
15 request.

16 e. Permit a seventy-two-hour supply of any drug on the  
17 prior authorization listing to be dispensed in emergencies, as  
18 defined by rule.

19 8. Within the first quarter of the state fiscal year  
20 beginning July 1, 1999, the drug utilization review commission  
21 shall conduct a review of all the drugs for which prior  
22 authorization is required to determine if the drugs should  
23 remain on the listing and shall report its findings to the  
24 council on human services and to the general assembly by  
25 December 1, 1999. The drug utilization review commission  
26 shall subsequently conduct such an annual review within the  
27 first quarter of the state fiscal year and shall report its  
28 findings to the council on human services and to the general  
29 assembly by October 1 of each fiscal year.

30 Sec. 2. RULES RESCINDED. The administrative rules  
31 relating to the prescription drugs subject to prior  
32 authorization under the medical assistance program pursuant to  
33 441 IAC 78.1(2)(a)(3) are rescinded as of September 1, 2000.  
34 The drug utilization review commission shall make  
35 recommendations to the department of human services by January

1 1, 2000, regarding drugs or classes of drugs to be placed on  
2 the prior authorization listing.

3 Sec. 3. EFFECTIVE DATE. This Act, being deemed of  
4 immediate importance, takes effect upon enactment.

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## HOUSE FILE 734

H-1334

1 Amend the amendment, H-1306, to House File 734, as  
2 follows:

3 1. Page 1, by striking lines 7 through 14, and  
4 inserting the following:

5 "1. A drug utilization review council is created.  
6 The department shall continue to contract with the  
7 peer review organization, with which the department  
8 held a contract to carry out the duties of the drug  
9 utilization review commission as of June 30, 1999, in  
10 order to carry out after that date the duties of the  
11 council created under this section. The meetings of  
12 the council are subject to chapter 21, including the  
13 closed session provisions which allow the council to  
14 conduct closed sessions pursuant to section 21.5 for  
15 reasons including but not limited to matters of client  
16 and provider confidentiality. A member of the council  
17 shall not receive any gift, as defined in section  
18 69B.2, from a manufacturer or agent of a manufacturer  
19 of a drug or product which may be subject to review by  
20 the council."

21 2. Page 1, by striking lines 29 through 34, and  
22 inserting the following:

23 "\_\_\_\_\_. Page 1, by striking lines 20 through 23,  
24 and inserting the following:

25 "d. One institution-based pharmacist, designated  
26 by the Iowa pharmacy association.

27 e. One community-based pharmacist, designated by  
28 the Iowa pharmacy association."

29 3. Page 1, lines 40 and 41, by striking the word  
30 "two-year" and inserting the following: "three-year".

31 4. Page 1, by striking lines 48 through 50, and  
32 inserting the following: "designation. Members of  
33 the council shall receive compensation as provided  
34 under the contract entered into by the department  
35 pursuant to subsection 1."

36 5. Page 2, by striking lines 32 and 33.

37 6. Page 2, line 34, by striking the figure "8"  
38 and inserting the following: "3".

39 7. By renumbering as necessary.

By HEATON of Henry

H-1334 FILED MARCH 31, 1999

WITHDRAWN

(p. 976)

## HOUSE FILE 734

S-3316

- 1 Amend House File 734, as amended, passed, and  
2 reprinted by the House, as follows:
- 3 1. Page 1, by striking line 3 through 15 and  
4 inserting the following:  
5 "1. The department shall establish an Iowa drug  
6 utilization review commission. The commission is  
7 subject to chapter 21 and chapter 68B."  
8 2. Page 1, line 20, by striking the word  
9 "designated" and inserting the following:  
10 "recommended".  
11 3. Page 1, line 21, by striking the word  
12 "designated" and inserting the following:  
13 "recommended".  
14 4. Page 1, line 26, by striking the word  
15 "designated" and inserting the following:  
16 "recommended".  
17 5. Page 1, line 28, by striking the word  
18 "designated" and inserting the following:  
19 "recommended".  
20 6. Page 1, line 30, by striking the word  
21 "designated" and inserting the following:  
22 "recommended".  
23 7. Page 1, line 32, by striking the word  
24 "designated" and inserting the following:  
25 "recommended".  
26 8. Page 2, by striking lines 9 through 18, and  
27 inserting the following:  
28 "4. The members of the commission shall be  
29 appointed by the governor. The members shall serve  
30 three-year, staggered terms and shall not serve more  
31 than two consecutive terms. The membership of the  
32 commission shall meet the requirements of section  
33 69.16. The membership of the commission shall also  
34 meet the requirements of section 69.16A to the maximum  
35 extent possible. Members of the commission shall  
36 receive compensation as provided under the contract  
37 entered into by the department to implement this  
38 section."  
39 9. Page 2, line 19, by inserting after the word  
40 "make" the following: "recommendations to the  
41 department and the department shall forward these".  
42 10. Page 2, by striking lines 27 through 31, and  
43 inserting the following: "the commission shall attach  
44 to its recommendation a statement of the rationale for  
45 placing the drug on the listing. Drugs recommended  
46 by".  
47 11. Page 3, by striking lines 19 through 29, and  
48 inserting the following:  
49 "8. The drug utilization review commission shall  
50 conduct an initial review of all drugs for which prior

S-3316

S-3316

Page 2

1 authorization is required to determine if the drugs  
2 should remain on the listing and shall report its  
3 findings to the department by December 1, 1999. The  
4 department shall report the findings to the general  
5 assembly by January 1, 2000. Following the initial  
6 review, the drug utilization review commission shall  
7 conduct an annual review of all drugs for which prior  
8 authorization is required to determine if the drugs  
9 should remain on the listing and shall submit its  
10 findings to the department by December 1 annually.  
11 The department shall report the findings to the  
12 general assembly, annually, by January 1."

13 12. Page 4, by striking lines 3 and 4.

14 13. Title page, lines 1 and 2, by striking the  
15 words "and providing an effective date".

By JOHN REDWINE

JOHNIE HAMMOND

ELAINE SZYMONIAK

NANCY BOETTGER

MAGGIE TINSMAN

S-3316 FILED APRIL 8, 1999

HOUSE FILE 734

S-3310

1 Amend House File 734, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 1, by inserting after line 33 the  
4 following:

5 "f. One pharmacist employed at a store with four  
6 or more locations in the state, designated by the  
7 retail pharmacy council of the Iowa retail  
8 federation."

By MICHAEL E. GRONSTAL

S-3310 FILED APRIL 8, 1999

## HOUSE FILE 734

S-3366

1 Amend House File 734 as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 1, lines 26 and 27, by striking the words  
4 "Iowa society of osteopathic medicine" and inserting  
5 the following: "Iowa osteopathic medical  
6 association".  
7 2. Page 2, by striking lines 9 through 18, and  
8 inserting the following:  
9 "4. The members of the commission shall be  
10 appointed by the governor. The members shall serve  
11 three-year, staggered terms and shall not serve more  
12 than two consecutive terms. The membership of the  
13 commission shall meet the requirements of section  
14 69.16. Notwithstanding section 69.16A, the membership  
15 of the commission shall meet the requirements of  
16 section 69.16A only to the maximum extent possible.  
17 Notwithstanding section 7E.6, the commission shall  
18 receive compensation as provided under the contract  
19 entered into by the department to implement this  
20 section."

By JOHN REDWINE  
ELAINE SZYMONIAK

S-3366 FILED APRIL 14, 1999

## HOUSE FILE 734

S-3365

1 Amend House File 734 as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 1, by striking lines 17 and 18, and  
4 inserting the following:  
5 "a. Three physicians licensed pursuant to chapter  
6 148 or 150A, at least two of whom maintain practices  
7 which include a significant".  
8 2. Page 1, by striking lines 21 through 27, and  
9 inserting the following: "medical society, one of  
10 whom shall be recommended by the Iowa academy of  
11 family physicians, and one of whom shall be  
12 recommended by the Iowa osteopathic medical  
13 association."  
14 3. By renumbering as necessary.

By JOHN REDWINE  
ELAINE SZYMONIAK

S-3365 FILED APRIL 14, 1999