BILL SUMMARY
2nd Session of the 59th Legislature

Bill No.:	**HB 3862**
Version:	**FA2**
Request Number:	**10743**
Author:	**Rep. Ford**
Date:	**3/12/2024**
Impact:	**OMES FY-25: $7,200,000**
	OHCA FY-25: $5,005,000

Research Analysis

The second floor substitute to House Bill 3862 outlines procedures for implementing new prior authorization requirements, mandates adverse determinations be made by a qualified physician, and addresses the notification and discussion process with an enrollee's physician. The measure also places limitations on the revocation of prior authorizations, outlines conditions for preventive care, and specifies the criteria for granting, evaluating, and revoking exemptions. Non-compliance with specified deadlines and requirements will result in healthcare services being automatically deemed authorized by the utilization review entity. The measure also stipulates that if the medical care provided, according to the utilization review entity's approval, deviates from accepted medical practices, undermines the judgment of the enrollee's medical provider, and causes harm to the enrollee, the utilization review entity may be subject to medical malpractice.

CHANGES IN FLOOR SUBSTITUTE VERSION FROM COMMITTEE SUBSTITUTE:

The floor substitute authorizes the qualified physician to be anyone who possesses a current and valid nonrestricted license to practice medicine. It also adds language that outlines the potential consequences for a utilization review entity if it makes an adverse determination during prior authorization and subsequent appeal by an enrollee's healthcare provider.

Prepared By: Matthew Brenchley

Fiscal Analysis

HB 3862 specifies the obligations of a utilization review entity performing prior authorization for a health insurer. This measure requires a utilization review entity to publish any current prior authorization requirements and restrictions on its website; provide written notice to health care providers and enrollees of any changes or new prior authorization requirements; requires all adverse determinations to be made by a physician and appeals to be reviewed by a physician.

Officials from the Employees Group Insurance Division of the Oklahoma Office of Management and Enterprise Services (OMES-EGID) provided the following statement based on the review by HealthChoice's Third Party Administrator, UMR. "The annual cost impact is expected to be Seven Million Two Hundred Thousand Dollars ($7,200,000), resulting in a 0.7% increase in total premium. It is expected the impact beyond the first year would increase based on administrative fee trends."

Updated Analysis 3/13/2024:

In addition, officials from the Oklahoma Health Care Authority (OHCA) anticipate a fiscal impact of Five Million Five Thousand Dollars ($5,005,000) based on projected SFY-25 Capitation Rates. This measure only pertains to Medicaid coverage under OHCA's managed care plans and does not include the Aged, Blind, and Disabled (ABD) population.

Medical - 45% Expansion	$ 4,300,000
Children Specialty Program (CSP)	$ 350,000
Dental - 30% Expansion	$ 355,000
Total	**$ 5,005,000**

Therefore, the fiscal impact on the state budget for FY-25 is anticipated to be $12,205,000.

The second floor substitute does not affect the fiscal impact of this measure.

Prepared By: Alexandra Ladner, House Fiscal Staff

Other Considerations

None.