

Fiscal Note

BILL # HB 2823

TITLE: AHCCCS; nonopioid drugs; formulary

SPONSOR: Biasiucci

STATUS: As Introduced

PREPARED BY: Chandler Coiner

Description

This bill would require the Arizona Health Care Cost Containment System (AHCCCS) to ensure that a nonopioid drug that is approved by the federal Food and Drug Administration (FDA) to treat or manage pain is not treated less favorably on the system's drug formulary relative to any opioid or narcotic drug used to treat or manage pain. The bill defines "treated less favorably" as establishing more restrictive utilization controls for a nonopioid drug than the utilization controls for an opioid or narcotic drug, including prior authorization requirements and step therapy, or designating a nonopioid drug as nonpreferred if an opioid or narcotic drug is designated as preferred.

Estimated Impact

We estimate that this bill would have a minimal fiscal impact given that the AHCCCS drug formulary appears to be mostly in compliance with the bill's requirements. The exact fiscal impact would depend on how AHCCCS would interpret the bill and implement changes to its formulary in response. AHCCCS would have the ability to implement the bill in a manner which could either raise or lower their costs. AHCCCS has not yet responded to our request for its estimate of the bill's fiscal impact.

Analysis

Prior authorization and step therapy protocols are utilization controls commonly used by health insurers and their contractors to limit coverage of medications and services until certain requirements are met. Prior authorization requires the member to meet certain criteria before a health insurer will cover certain medications or services. These can include the presence of certain health conditions in the member, informational disclosures, and alternative treatments. A step therapy protocol specifically requires the member to take 1 or more alternative medications that fail to treat the member's condition before the insurer covers the prescribed medication.

Under this bill, if any nonopioid drug on AHCCCS' formula has utilization controls that are more restrictive than the utilization controls for an opioid or narcotic drug, then AHCCCS would need to adjust its formulary policies. AHCCCS could potentially implement the bill by using stricter utilization controls on the affected opioid or narcotic drugs. This would likely reduce utilization and lower AHCCCS costs. Alternatively, AHCCCS could lift restrictions on the affected nonopioid drugs, potentially increasing utilization and raising AHCCCS costs. The bill does not specify which of these approaches AHCCCS would be required to take.

Local Government Impact

None

2/19/25

