

State of South Dakota

SEVENTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2002

931H0643

HOUSE BILL NO. 1289

Introduced by: Representatives Van Etten, Bradford, Elliott, Hundstad, Konold, and Sebert
and Senators Craddock, Diedrich (Elmer), and Ham

1 FOR AN ACT ENTITLED, An Act to establish certain requirements that must be met before
2 the Department of Social Services may require prior authorization for prescription drugs
3 provided to certain individuals.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

5 Section 1. The Department of Social Services may not require prior authorization for any
6 prescription drug provided to an eligible individual receiving medical assistance pursuant to
7 chapter 28-6 without meeting the requirements of this Act.

8 Section 2. A Pharmacy and Therapeutics Committee shall develop recommendations
9 regarding whether a prescription drug shall require prior authorization. The committee shall
10 analyze the retrospective drug utilization review data using drug utilization review criteria to
11 identify a drug whose use is likely not to be medically appropriate or medically necessary, or
12 likely to result in adverse medical outcomes. The committee shall consider the potential impact
13 on patient care and the potential fiscal impact that may result from requiring prior authorization.
14 The committee shall consider the total cost of treating the conditions for which the drug is
15 prescribed, including nonpharmaceutical costs and costs incurred by other sectors of the state



1 health care program that may be affected by the drug's availability for use in treating program
2 beneficiaries.

3 Section 3. The committee shall hold a public meeting regarding whether a certain drug should
4 require prior authorization. The committee shall provide notice of the meeting thirty days prior
5 to the meeting. Any interested party may request an opportunity to make a presentation to the
6 committee related to the prior authorization of the drug. The committee shall also consider any
7 information provided by any interested party, including physicians, pharmacists, beneficiaries,
8 and manufacturers or distributors of the drug.

9 Section 4. If, after the public meeting, the committee decides to recommend prior
10 authorization, the committee shall make the recommendation to the department in writing. The
11 recommendation shall be supported by an analysis of prospective and retrospective drug
12 utilization review data demonstrating:

- 13 (1) The expected impact of such a decision on the clinical care likely to be received by
14 beneficiaries for whom the drug is medically necessary;
- 15 (2) The expected impact on physicians whose patients require the drug; and
- 16 (3) The expected fiscal impact on the medical assistance provided pursuant to chapter 28-
17 6.

18 Section 5. The department shall determine whether the prescription drug shall require prior
19 authorization. In making its determination, the department may accept or reject the
20 recommendation of the committee and may consider any information provided by an interested
21 party. The department's determination shall be made in writing.