VERMONT

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MEMORANDUM

To: Rep. Mike Fisher, Chair, House Committee on Health Care

From: Mark Larson, Commissioner

Cc: Doug Racine, Secretary, Agency of Human Services

Date: April 23, 2013

Re: Follow-up to DVHA Testimony on Amendments to S.152 – For a Statewide Prior Authorization Pilot Program and Annual Reporting by DVHA

During testimony from the Department of Vermont Health Access (DVHA) on 4/17/13 and 4/19/13 to the House Committee on Health Care on Amendments to S.152 – An Act Relating to the GMCB Rate Review Authority adding language on a statewide prior authorization pilot program and DVHA annual reporting on claims and services denials associated with prior authorizations, committee members requested the following additional information from DVHA: to list of procedures and drugs that require prior authorizations; how much does Medicaid save through prior authorizations broken down by procedure including home care; the number of complaints and who handles them and the results, and what is impact/outcome on patients of savings achieved.

Many of DVHA's procedures requiring prior authorization (PA) and clinical criteria are listed on the DVHA website at: http://dvha.vermont.gov/for-providers/clinical-coverage-guidelines In addition to the clinical criteria on the DVHA website, DVHA makes McKesson's nationally recognized clinical criteria available to all VT Medicaid providers on the VT Medicaid portal. The DVHA comprehensive prescription drug list (PDL) with associated clinical criteria is also on the DVHA website at: http://dvha.vermont.gov/for-providers/preferred-drug-list-clinical-criteria

Prior authorization is a process used by the DVHA to assure the appropriate use of health care services. The goal of prior authorization is to assure that the proposed health service is medically needed; that all appropriate, less-expensive alternatives have been given consideration; and that the proposed service conforms to generally accepted practice parameters recognized by health care providers in the same or similar general specialty who typically treat or manage the diagnosis or condition.

While one of the goals of VT Medicaid's prior authorizations is to give consideration to assuring least cost treatment, a primary responsibility of managing a publically funded health care program, it is important to recognize that prior authorization also assures that the healthcare services DVHA and Vermonters pay for are the most appropriate and medically necessary. In 2010, the Vermont Legislature created within DVHA the Clinical Utilization Review Board (CURB) to examine existing medical

services, emerging technologies, and relevant evidence-based clinical practice guidelines and to make recommendations to DVHA regarding coverage, unit limitations, place of service, and appropriate medical necessity of services in the state's Medicaid programs. In addition CURB recommendations, DVHA prior authorizations have also been specifically derived from Legislative session law.

DVHA's Managed Care Organization (MCO) grievance and appeal report is prepared by the DVHA Policy Unit quarterly and is included in the quarterly Global Commitment report that is also posted on the DVHA website at: http://dvha.vermont.gov/global-commitment-to-health/quarterly-reports-2005-to-current

If you have any questions please do not hesitate to contact me.