



State of Wisconsin
2019 - 2020 LEGISLATURE

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**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 24**

March 26, 2019 - Offered by Representative NYGREN.

1 **AN ACT to create** 632.866 of the statutes; **relating to:** step therapy protocols for
2 prescription drug coverage and requiring the exercise of rule-making
3 authority.

Analysis by the Legislative Reference Bureau

This bill sets specifications on the development and use of and exceptions to step therapy protocols for prescription drug coverage. A step therapy protocol, as defined in the bill, is a protocol that establishes the specific sequence in which prescription drugs for a specified medical condition that are medically appropriate for a particular patient are covered by a policy or plan. When establishing a step therapy protocol, an insurer, pharmacy benefit manager, or utilization review organization must use clinical review criteria based on clinical practice guidelines that meet certain criteria specified in the bill.

If an insurer, pharmacy benefit manager, or utilization review organization restricts the coverage of a prescription drug through a step therapy protocol, the insurer, pharmacy benefit manager, or utilization review organization must provide access to a process to request an exception to the step therapy protocol, though an existing medical exceptions process may be used to satisfy this requirement. The insurer, pharmacy benefit manager, or utilization review organization must grant an exception to the step therapy protocol if the prescribing provider submits complete, clinically relevant written documentation supporting the request and any of the

circumstances specified in the bill apply, including when the drug is contraindicated for the patient or will likely cause a serious adverse event for the patient; the drug is expected to be ineffective based on certain evidence and the known characteristics of the patient and the drug regimen; the patient previously tried the drug or a similar drug and its use by the patient was discontinued under circumstances described in the bill; or the patient is stable on a different drug under this or a previous policy or plan. Upon granting an exception to the step therapy protocol, the insurer, pharmacy benefit manager, or utilization review organization must authorize coverage for the drug prescribed by the patient's treating health care provider to the extent the drug is covered under the patient's policy or plan. An insured may appeal a denied request for an exception to the step therapy protocol. An insurer, pharmacy benefit manager, or utilization review organization must grant or deny a request for an exception within three business days, or by the end of the next business day in exigent circumstances, of receipt of supporting documentation. If this deadline is not met, the exception is considered granted.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 632.866 of the statutes is created to read:

2 **632.866 Step therapy protocols. (1) DEFINITIONS.** In this section:

3 (a) "Clinical practice guideline" means a systematically developed statement
4 to assist decision making by health care providers and patients about appropriate
5 health care for specific clinical circumstances and conditions.

6 (b) "Clinical review criteria" means written screening procedures, decision
7 abstracts, clinical protocols, and clinical practice guidelines used by an insurer,
8 pharmacy benefit manager, or utilization review organization to determine whether
9 health care services are medically necessary and appropriate.

10 (c) "Exigent circumstances" means when a patient is suffering from a health
11 condition that may seriously jeopardize the patient's life, health, or ability to regain
12 maximum function.

13 (d) "Pharmacy benefit manager" has the meaning given in s. 632.865 (1) (c).

1 (e) “Step therapy protocol” means a protocol or program that establishes the
2 specific sequence in which prescription drugs for a specified medical condition,
3 whether self-administered or physician-administered, that are medically
4 appropriate for a particular patient are covered under a policy or plan.

5 (f) “Utilization review organization” means an entity that conducts utilization
6 review, other than an insurer or pharmacy benefit manager performing utilization
7 review for its own policy or plan.

8 **(2) CLINICAL REVIEW CRITERIA.** (a) When establishing a step therapy protocol,
9 an insurer, pharmacy benefit manager, or utilization review organization shall use
10 clinical review criteria that are based on clinical practice guidelines that are derived
11 from peer-review publications, evidence-based research, and widely accepted
12 medical practice. If such clinical practice guidelines are unavailable, the insurer,
13 pharmacy benefit manager, or utilization review organization shall derive clinical
14 review criteria from peer-reviewed publications, evidence-based research, and
15 widely accepted medical practice. The insurer, pharmacy benefit manager, or
16 utilization review organization shall continually update the clinical review criteria
17 based on an update to the clinical practice guidelines or a review of new evidence and
18 research and newly developed treatments.

19 (b) Any individual involved in establishing a step therapy protocol under this
20 subsection shall disclose to the insurer, pharmacy benefit manager, or utilization
21 review organization any potential conflict of interest due to a financial or other
22 relationship or payment from a pharmaceutical manufacturer and shall recuse
23 himself or herself from voting on a decision regarding the step therapy protocol if he
24 or she has a conflict of interest.

1 (c) An insurer, pharmacy benefit manager, or utilization review organization
2 shall describe on its Internet site the process and criteria used for selecting and
3 evaluating clinical practice guidelines used under par. (a) to develop step therapy
4 protocols.

5 (d) Nothing in this subsection shall be construed to require insurers, pharmacy
6 benefit managers, or the state to create a new entity to develop clinical review
7 criteria used for step therapy protocols.

8 **(3) TRANSPARENCY OF EXCEPTIONS PROCESS.** (a) When coverage of a prescription
9 drug for the treatment of any medical condition is restricted for use by an insurer,
10 pharmacy benefit manager, or utilization review organization through the use of a
11 step therapy protocol, the insurer, pharmacy benefit manager, or utilization review
12 organization shall provide access to a clear, readily accessible and convenient process
13 to request an exception to the step therapy protocol. An insurer, pharmacy benefit
14 manager, or utilization review organization may use any existing medical exceptions
15 process to satisfy the requirement under this paragraph. The exception process shall
16 be made easily accessible on the Internet site of the insurer, pharmacy benefit
17 manager, or utilization review organization.

18 (b) An insurer, pharmacy benefit manager, or utilization review organization
19 shall grant an exception to the step therapy protocol if the prescribing provider
20 submits complete, clinically relevant written documentation supporting a step
21 therapy exception request and any of the following are satisfied:

22 1. The prescription drug required under the step therapy protocol is
23 contraindicated or, due to a documented adverse event with a previous use or a
24 documented medical condition, including a comorbid condition, is likely to do any of
25 the following:

- 1 a. Cause a serious adverse reaction in the patient.
- 2 b. Decrease the ability to achieve or maintain reasonable functional ability in
- 3 performing daily activities.
- 4 c. Cause physical or psychiatric harm to the patient.
- 5 2. The prescription drug required under the step therapy protocol is expected
- 6 to be ineffective based on all of the following:
- 7 a. Sound clinical evidence or medical and scientific evidence.
- 8 b. The known clinical characteristics of the patient.
- 9 c. The known characteristics of the prescription drug regimen as described in
- 10 peer-reviewed literature or the manufacturer's prescribing information for the
- 11 prescription drug.
- 12 3. The patient has tried the prescription drug required under the step therapy
- 13 protocol, or another prescription drug in the same pharmacologic class or with the
- 14 same mechanism of action, under the policy or plan or a previous policy or plan, the
- 15 patient was adherent to the prescription drug regimen for a time that allows for a
- 16 positive treatment outcome, and the patient's use of the prescription drug was
- 17 discontinued by the patient's provider due to lack of efficacy or effectiveness,
- 18 diminished effect, or adverse event. This subdivision does not prohibit an insurer,
- 19 pharmacy benefit manager, or utilization review organization from requiring a
- 20 patient to try another drug in the same pharmacologic class or with the same
- 21 mechanism of action if that therapy sequence is supported by clinical review criteria
- 22 under sub. (2) (a).
- 23 4. The patient is stable on a prescription drug selected by his or her health care
- 24 provider for the medical condition under consideration while covered under the
- 25 policy or plan or a previous policy or plan.

1 (c) Nothing in this subsection shall be construed to allow the use of a
2 pharmaceutical sample to satisfy a criterion for an exception to a step therapy
3 protocol.

4 (d) Upon granting an exception to the step therapy protocol under par. (b), the
5 insurer, pharmacy benefit manager, or utilization review organization shall
6 authorize coverage for the prescription drug prescribed by the patient's treating
7 health care provider to the extent the prescribed drug is covered under the patient's
8 policy or plan.

9 (e) An insured may appeal any request for an exception to the step therapy
10 protocol that is denied.

11 (f) An insurer, pharmacy benefit manager, or utilization review organization
12 shall grant or deny a request for any exception to the step therapy protocol within
13 3 business days of receipt of the complete, clinically relevant written documentation
14 required under par. (b) to support a step therapy exception request under par. (b) or
15 the receipt of a request to appeal a previous decision that includes the complete,
16 clinically relevant written documentation supporting a step therapy exception
17 request. In exigent circumstances, an insurer, pharmacy benefit manager, or
18 utilization review organization shall grant or deny a request for an exception to the
19 step therapy protocol by the end of the next business day after receipt of the complete,
20 clinically relevant written documentation supporting a step therapy exception
21 request under par. (b). If the insurer, pharmacy benefit manager, or utilization
22 review organization does not grant or deny a request or an appeal under the time
23 specified under this paragraph, the exception is considered granted.

24 (g) Nothing in this subsection shall be construed to prevent any of the following:

