Testimony for the Joint Committee on Use of Prior Authorization & Utilization Review Processes

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Interim Study Regarding Prior Authorization & Utilization Review - The joint interim committee created by Section 4.01 of this article shall study data and other information available from the Texas Department of Insurance, the office of public insurance counsel, or other sources the committee determines relevant to examine and analyze the transparency of and improving patient outcomes under the prior authorization and utilization review processes used by private health benefit plan issuers in this state. The joint interim committee shall propose reforms based on the study required under Subsection (a) of this section to improve the transparency of and patient outcomes under prior authorization and utilization review processes in this state. The joint interim committee shall prepare a report of the findings and proposed reforms.

Organization Description: NAMI Texas is a nonprofit 501(c)3 organization founded by volunteers in 1984. We are part of the nation’s largest grassroots mental health organizations and we exist to help improve the quality of life for individuals with mental illness and their families. Around the state, we have 27 local NAMI affiliate organizations and approximately 2,000 members.

Testimony:

What is Serious and Persistent Mental Illness?
Serious and persistent mental illness (SMI) is defined as a diagnosable mental, behavioral, or emotional disorder that causes serious functional impairment that substantially interferes with or limits one or more major life activities. These are psychiatric illnesses, including schizophrenia, schizo-affective disorders, bipolar disorders, major depressive disorders, paranoia and other psychotic disorders.

Why are medications an important part of treatment of SMI?
For individuals with SMI, their medical stability is hard won through a long and arduous process. Finding the right treatment, including the right medication, can be the key force in stabilizing their condition and allowing them to maintain normal lives. Successful management of SMI symptoms typically depends on reliable access to prescribed medications, which can help
maintain a stable home life, employment, and avoidance of hospitalization or incarceration.

Well-managed medication reduces the symptoms of SMI and allows individuals to focus on recovery, which improves quality of life and reduces costs of care.

**What are barriers to treatment of SMI?**

Onerous “prior authorization” (or PA) requirements designed to control costs may diminish access to medications and deter adherence. PAs may include administrative impediments that discourage clinicians from prescribing certain medications, as well as “fail first” or “step therapy” provisions (insurance policies which require the cheapest drug to be prescribed to the patient first, rather than the medicine originally prescribed by the doctor). Poorly-designed or burdensome PAs may frustrate patients, and contribute to medication abandonment, self-medication with lawful or illicit substances, and/or increase risk of adverse treatment outcomes.

Furthermore, when insurance companies switch individuals with SMI off their medications through utilization management tactics like prior authorization, step therapy, and formulary changes, SMI patients suffer negative consequences. With certain rapidly progressing conditions like psychosis associated with schizophrenia, the damage associated with a medication switch can be irreparable.

**How does inadequate access adversely affect individuals with SMI?**

Due to the nature of SMI, adherence to medication is a significant challenge. These patients are more likely than average to be confused by administrative barriers to care and be disproportionately affected. The longstanding pervasive stigma and differential treatment of SMI have exacerbated these issues. Patients may respond in a unique way to different medications and dosages, so treatment plans are individualized and often need routine adjustments. As a result, individuals with SMI that incur access challenges face triple the likelihood of adverse events, including ER visits, hospitalization, homelessness, suicidal ideation, and incarceration. These adverse events result in overwhelming costs to human lives and to the healthcare delivery system.

According the January 2017 LBB Staff Report:

- Discontinuing antipsychotic drug therapies increases the risk of relapse by almost five times;
- Formulary requirements lead to a five-fold increase in medication access problems;
- Patients subject to PAs are 7.8 times more likely to experience a medication access problem;
- Patients subject to fail-first or step therapy protocols are 4.7 times more likely to experience a medication access problem;
• Patients facing access problems have 3.6 times greater likelihood of adverse events, including emergency visits, hospitalizations, homelessness, suicidal ideation or behavior, or incarceration;

• Medicaid patients facing PAs are three times more likely to experience psychiatric hospitalization — between 2006-2015, Texas increased expenses on these hospitalizations by 29%;

• In 2015, spending on Medicaid clients prescribed antipsychotics comprised 83% of spending on all hospitalizations for mental illness.

Policy Recommendations

1. Streamline Medicaid Prior Authorization by allowing providers to meet PA criteria for antipsychotics for treatment of SMI by documenting in the medical record treatment failure, contraindication, or allergic reactions.

2. Discontinue Fail First Practices in Commercial Plans by statutorily prohibiting plans from requiring SMI patients to either fail to successfully respond to a different drug or prove a history of failure of a different drug.

3. Strengthen Protections Against Commercial Insurance Companies Taking Stable Patients Off Medications That Are Working. The step therapy exceptions process created under step therapy reform (2017) can be enhanced by ensuring ongoing access of what the plan previously approved if that is what the prescriber determines is the most appropriate course of treatment for the patient. The 2017 step therapy legislation provides a limited protection against the step therapy form of non-medical switching. However, it does not comprehensively address non-medical switching. It only addresses non-medical switching when the switch mechanism is a step therapy protocol that would harm the patient. There are other forms of non-medical switching that must be addressed. I encourage the Legislature to consider a strong year-to-year protection against non-medical switching — if the patient stays in the same health plan from one year to the next year and continue to need the same medication, they should have ongoing access.

In Summary: Streamlining the PA process in Medicaid, discontinuing “fail-first” practices in commercial plans, and strengthening non-medical switching protections in commercial plans would reduce barriers to care and decreases adverse events for individuals with SMI. The results: improved health outcomes, significant savings to the health care system, and improve quality of life.