



# Californians for Improved Patient Access

## California Utilization Management Reform

**The Reform** proposes to add protections and transparency to current **Utilization Management** protocols to ensure patients have access to the treatments they need without delays that can worsen their medical condition. *As our hospitals are at, or near, capacity due to the COVID pandemic, legislation is needed now, more than ever, to ensure patients receive appropriate treatment early and avoid any negative outcomes resulting in a preventable hospital visit.*

**Utilization Management (UM)** is a set of formal techniques to monitor the use of or evaluate the medical necessity, appropriateness, efficacy or efficiency of health care services, procedures or settings. UM protocols include **prior utilization** and **step therapy**. Health insurance plans use UM to reduce their costs. Specifically, health insurers can require **step therapy** if there is more than one drug that is appropriate for the treatment of a medical condition, forcing patients to “fail first” on several alternative medications, usually cheaper generics, before they are allowed access to the medication first deemed appropriate by the prescribing physician.

### Utilization Management Needs Reform.

While reducing cost is important across the healthcare system, making medical decisions based solely on cost can lead to an irreversible deterioration of a patient’s condition. For many patients with chronic conditions, the delays caused by **Utilization Management** protocols cause patients to suffer unnecessarily and can lead to additional costly disease control measures. Reforming **Utilization Management** by incorporating proper guidelines to the process will protect a doctor’s ability to make treatment decisions as medically necessary and a patient’s right to receive the right care at the right time.

### UM protocols are becoming increasingly common across health plans.

An analysis focused on 12 medications used to treat arthritis, plaque psoriasis, Crohn’s disease and colitis found that between 2015 and 2016, employer plans increased the use of UM on these products from 18% to 60%.

### The Reform Expands Patient Access by:

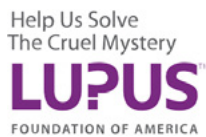
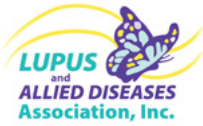
- Creating a transparent and standard **Utilization Management** process for prescribing health care providers and patients.
- Protecting patients from having to try a medication that is contraindicated or likely to cause an adverse reaction, or a medication that is expected to be ineffective based on the known clinical characteristics of the patient and the drug regimen.
- Ensuring a step therapy exception is expeditiously granted if a patient has tried the required medication or another prescription drug in the same class and that prescription drug was discontinued due to lack of effectiveness or an adverse event.
- Allowing a step therapy exception if patients are stable on a prescription drug selected by their health care provider for the medical condition under consideration while covered by their current or previous health insurance policy.
- Exempting patients from step therapy protocols if the required prescription drug is not in their best interest, based on medical necessity.

### The Reform Improves UM Protocols by:

- Ensuring that a clinical peer makes the **Utilization Management** decision on behalf of health plans. Specifically, in order to review an appeal, a health care plan will designate a health care provider of the same or similar specialty as the health care provider who typically manages the medical condition or treatment under review.
- Requiring that the use of UM protocols be reported to the Department of Managed Health Care and the Department of Insurance.

### The Reform:

- **Does NOT** ban utilization management protocols such as step therapy and prior authorization.
- **Does NOT** prevent health insurers from requiring patients to try a generic equivalent before providing coverage for the equivalent branded prescription drug.



For more information, contact:

Steven Schultz, Arthritis Foundation – [sschultz@arthritis.org](mailto:sschultz@arthritis.org) | Ryan Spencer, Crohn's & Colitis Foundation - [rspencer@rgsca.com](mailto:rspencer@rgsca.com)  
Tim Madden, California Rheumatology Alliance – [madden@rnmlobby.com](mailto:madden@rnmlobby.com)