AN ACT Relating to creation of a central insulin purchasing program; amending RCW 70.14.060; adding a new section to chapter 70.14 RCW; creating a new section; and providing an expiration date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Sec. 1. (1) The legislature recognizes that the price and utilization of insulin has steadily increased, making it one of the costliest prescription drugs in the state.

(2) According to the Washington all-payer claims database, the allowable costs before rebates for health carriers in the state have increased eighty-seven percent since 2014 and per member out-of-pocket costs have increased an average of eighteen percent over the same time period.

(3) Therefore, the legislature intends to pursue a central insulin purchasing program to leverage the buying power of all insulin purchasers in the state and with the goal of lowering the cost of insulin.

NEW SECTION. Sec. 2. A new section is added to chapter 70.14 RCW to read as follows:
1. The central insulin purchasing work group is established. The work group membership must consist of the following members appointed by the governor:

(a) A representative from the northwest prescription drug consortium;
(b) A representative from the pharmacy quality assurance commission;
(c) A representative from an association representing independent pharmacies;
(d) A representative from an association representing chain pharmacies;
(e) A representative from each health carrier offering at least one health plan in a commercial market in the state;
(f) A representative from each health carrier offering at least one health plan to state or public school employees in the state;
(g) A representative from an association representing health carriers;
(h) A representative from the public employees' benefits board or the school employees' benefits board;
(i) A representative from the health care authority;
(j) A representative from a pharmacy benefit manager that contracts with state purchasers;
(k) A representative from a drug distributor or wholesaler that distributes or sells insulin in the state;
(l) A representative from a state agency that purchases health care services and drugs for a selected population;
(m) A representative from the attorney general's office with expertise in prescription drug purchasing;
(n) A representative from the office of the insurance commissioner;
(o) A representative from an organization representing diabetes patients who is living with diabetes; and
(p) A representative from an association representing research-based manufacturers with expertise in the components contributing to the cost of insulin to serve as a nonvoting member.

2. The work group shall design a purchasing strategy to allow the northwest prescription drug consortium to act as the single purchaser of insulin for the state.

3. Staff support for the work group shall be provided by the health care authority.
(4) By July 1, 2021, the work group shall submit a report to the governor and the legislature detailing the purchasing plan and any statutory changes necessary to implement the plan.

(5) Upon completion of the plan, if the work group determines that all or a portion of the plan can be implemented without statutory changes, the prescription drug consortium may begin implementation without further legislative direction.

(6) This section expires December 1, 2022.

Sec. 3. RCW 70.14.060 and 2009 c 560 s 13 are each amended to read as follows:

(1) (a) The administrator of the state health care authority shall, directly or by contract, adopt policies necessary for establishment of a prescription drug purchasing consortium. The consortium's purchasing activities shall be based upon the evidence-based prescription drug program established under RCW 70.14.050. State purchased health care programs as defined in RCW 41.05.011 shall purchase prescription drugs through the consortium for those prescription drugs that are purchased directly by the state and those that are purchased through reimbursement of pharmacies, unless exempted under (b) of this (section) subsection. The administrator shall not require any supplemental rebate offered to the authority by a pharmaceutical manufacturer for prescription drugs purchased for medical assistance program clients under chapter 74.09 RCW be extended to any other state purchased health care program, or to any other individuals or entities participating in the consortium. The administrator shall explore joint purchasing opportunities with other states.

(b) State purchased health care programs are exempt from the requirements of this section if they can demonstrate to the administrator that, as a result of the availability of federal programs or other purchasing arrangements, their other purchasing mechanisms will result in greater discounts and aggregate cost savings than would be realized through participation in the consortium.

(2) Participation in the purchasing consortium shall be offered as an option beginning January 1, 2006. Participation in the consortium is purely voluntary for units of local government, private entities, labor organizations, health carriers as provided in RCW 48.43.005, state purchased health care services from or through
health carriers, group model health maintenance organizations that are accredited by the national committee for quality assurance, and for individuals who lack or are underinsured for prescription drug coverage. The administrator may set reasonable fees, including enrollment fees, to cover administrative costs attributable to participation in the prescription drug consortium.

(3) ((This section does not apply to state purchased health care services that are purchased from or through health carriers as defined in RCW 48.43.005, or group model health maintenance organizations that are accredited by the national committee for quality assurance.

(4))) The state health care authority is authorized to adopt rules implementing chapter 129, Laws of 2005.

((5) State purchased health care programs are exempt from the requirements of this section if they can demonstrate to the administrator that, as a result of the availability of federal programs or other purchasing arrangements, their other purchasing mechanisms will result in greater discounts and aggregate cost savings than would be realized through participation in the consortium.))

--- END ---