

SENATE BILL REPORT

E2SHB 2575

As Reported By Senate Committee On:
Health & Long-Term Care, February 23, 2006
Ways & Means, March 3, 2006

Title: An act relating to establishing a state health technology assessment program.

Brief Description: Establishing a health technology assessment program.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Cody, Morrell and Moeller; by request of Governor Gregoire).

Brief History: Passed House: 2/08/06, 72-26.

Committee Activity: Health & Long-Term Care: 2/20/06, 2/23/06 [DPA-WM, w/oRec].
Ways & Means: 2/27/06, 3/03/06 [DPA].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Keiser, Chair; Thibaudeau, Vice Chair; Deccio, Ranking Minority Member; Franklin, Kastama and Kline.

Minority Report: That it be referred without recommendation.

Signed by Senator Parlette.

Staff: Jonathan Seib (786-7427)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget; Doumit, Vice Chair, Operating Budget; Brandland, Kohl-Welles, Pflug, Pridemore, Rasmussen, Regala, Rockefeller, Schoesler and Thibaudeau.

Staff: Erik Sund ((360) 786-7454)

Background: At the federal level, approval of a new device by the Food and Drug Administration is based on a determination that the device is safe and effective; the agency does not evaluate cost-effectiveness or whether the new device outperforms what is currently on the market.

In Washington State, the agency medical directors recommended a number of years ago the development of a substantial interagency health technology assessment capability to provide a systematic and centralized method for determining the value of emerging technology. In 2003, the Legislature explicitly authorized the creation of an evidence-based prescription drug program to provide the basis for cost-effective drug coverage in state health care programs.

Legislation passed that same year called on the Health Care Authority to coordinate formal technology assessments by state agencies, but it failed to provide the structure or funding for actual implementation.

Summary of Ways & Means Amended Bill: A health technology assessment program is established involving the Health Care Authority, the Department of Social and Health Services, and the Department of Labor and Industries. The administrator of the Health Care Authority, in consultation with the other agencies, is to select health technologies for review, giving priority to those technologies meeting certain criteria enumerated in the bill. Other interested parties may also petition to have a health technology reviewed. Up to six technologies may be selected for review in the first year of the program, and eight during the second year. A technology may be subject to re-review once every eighteen months.

For each health technology selected, the administrator will contract with an evidence-based health technology assessment center to conduct a systematic evidence-based assessment of its safety, efficacy, and cost-effectiveness. During the assessment, the opportunity must be provided for interested parties to submit evidence to the center for consideration.

An eleven-member health technology clinical committee is established to review the results of any systematic assessment and determine: (1) under what conditions, if any, the technology will be included as a covered benefit under state health care programs; and (2) the criteria participating state agencies will use in determining whether a covered technology is medically necessary. The committee will include six practicing physicians, and five other practicing health professionals, and may establish advisory groups as needed. The committee's review process must provide an opportunity for public comment.

Participating agencies are bound by the determinations of the clinical committee unless a determination is contrary to an applicable statute or regulation, or state statute, or the technology is covered under an agency-based exceptions policy.

The administrator of the Health Care Authority is to establish a process to allow stakeholders to appeal the determinations of the clinical committee, and will develop a web site to provide information and public notice regarding the technology assessment program and any determinations made under it.

Ways & Means Amended Bill Compared to Health & Long Term Care Amended Bill: The Ways and Means striking amendment makes additional technical changes, limits the circumstances under which a coverage decision regarding a health technology will preclude consideration of medical necessity, and allows any interested party to submit a petition to the clinical committee for a health technology review.

Health & Long Term Care Amended Bill Compared to Original Bill: The Health & Long Term Care striking amendment clarifies the language and substantially reorganizes the underlying bill. Substantive changes include: limiting the number of assessments done in the program's first two years of operation, explicitly allowing any advisory groups to include enrollees in state health care programs, requiring the committee to follow decisions under Medicare unless evidence supports a contrary determination, directing the administrator to establish an appeals process, and removing a legislative oversight committee.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For (Health & Long-Term Care): The purpose of this bill is to provide a process for the review of health technologies that is similar to what the state does with regard to prescription drugs, using scientific evidence and proven practice to look at which technologies are safe and effective, and to promote uniformity across state agencies. The state should pay for health care that works and does not harm individuals. A systematic evidence-based approach to evaluating health technology will serve this goal. This will be better process than current practice, under which each agency makes its own coverage and reimbursement decisions. Following evidence-based standards makes policy, fiscal, and health care sense. This bill is about health care leadership. It focuses on improving the value of care and coverage as part of an overall strategy of improving health and well-being in this state. Health Technologies that add cost but not value reduce access for everyone.

Testimony Against (Health & Long-Term Care): There is no need to reinvent the wheel with regard to certain medicines. Evidence-based practice guidelines already exist for some conditions, and this new program should not overlook those. The program should use local practitioners to determine best practices, or the guidelines of patient advocacy organizations, and should allow for a physicians override.

Testimony Other (Health & Long-Term Care): The bill does not integrate this program with Medicare, which already uses a rigorous process to assess health technologies. This bill would allow a new state program to deny access to medical technologies to those under state purchased health care programs. The presumption of the bill is that cost savings is the primary goal, when it should be appropriate treatment. We would like an independent appeals process. We are concerned about the absence of a definition of medical necessity. The program should include a process which would allow interested parties to petition the clinical committee to review a technology. The technology selection criteria included in the underlying bill is preferable to the selection criteria in the striking amendment.

Who Testified (Health & Long-Term Care): PRO: Representative Cody, prime sponsor; Christina Hulet, Governor's Office; Len McComb, Washington State Hospital Association; Peter Dunbar, M.D., Washington State Medical Association; Sydney Zvara, Association of Washington Healthcare Plans; Linda Hull, Washington Biotechnology and Biomedical Association; Karen Merrikin, Group Health.

CON: Michael Shaw, American Heart Association; Laura Thelander, American Diabetes Association.

OTHER: Bill Struyk, Johnson and Johnson; Jim Hedrick, Tom Tremble, Advanced Medical Technology Association; Dennis Eagle, Washington Federation of State Employees; Michael Temple; Washington State Trial Lawyers Association; Robbie Stern, Washington State Labor Council; Mike Ryherd, Teamsters, Fred Hutchinson Cancer Research Center.

Signed in, Unable to Testify & Submitted Written Testimony: Clif Finch, Washington Food Industry.

Testimony For (Ways & Means): This bill would make the state's medical technology approval process more systematic and transparent, and would encourage more input from the medical community. It would improve the effectiveness and efficiency of the state's health care system while recognizing the need for flexibility when dealing with specific individual circumstances.

Testimony Against (Ways & Means): None.

Testimony Other (Ways & Means): The language in subsection 3 of section 5 of the bill is too vague. It is not clear who is able to appeal determinations of medical necessity that are made by the clinical committee. Individuals should have the opportunity to make such an appeal when a certain procedure may be appropriate under their own personal circumstances. There should also be a process for reviewing the determinations of individual agency directors.

Who Testified (Ways & Means): PRO: Christina Hulet, Office of Financial Management.

OTHER: Dennis Eagle, Washington Federation of State Employees; Mike Ryherd, Teamsters, Fred Hutchinson Cancer Research Center; Robbie Stern, Washington State Labor Council.