
Health Care & Wellness Committee

HB 2296

Brief Description: Protecting consumers from excess charges for prescription medications.

Sponsors: Representatives Slatter, Schmick, Cody, Robinson, Dolan, Orwall, Tharinger, Macri, Young, Kloba, Appleton, Jenkins, Ormsby, Pollet and Doglio.

Brief Summary of Bill

- Limits the maximum amount a purchaser of prescription medication may pay at the point of sale.
- Prohibits contracts between a pharmacy benefit manager or an insurer and a pharmacy or pharmacist from penalizing a pharmacy or pharmacist from disclosing certain information to a purchaser of prescription medication.

Hearing Date: 1/12/18

Staff: Jim Morishima (786-7191).

Background:

A health plan offering coverage to individuals or small groups is required, under the federal Patient Protection and Affordable Care Act (ACA), to cover 10 categories of essential health benefits, one of which is prescription drugs. To comply with the ACA's prescription drug coverage requirement, an issuer must cover prescription drugs in a manner substantially equal to a benchmark plan selected by the state. The issuer's formulary is part of the prescription drug category and must be substantially equal to the formulary in the benchmark plan. An issuer must file its formulary quarterly with the Office of the Insurance Commissioner (OIC).

A pharmacy benefit manager (PBM) acts as an intermediary between the entities with which it contracts and pharmaceutical manufacturers to administer the drug benefit portion of a health plan. A PBM processes and pays prescription drug claims, develops and maintains the formulary, contracts with pharmacies, and negotiates discounts and rebates with manufacturers.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

To conduct business in Washington, a PBM must register with the OIC. The OIC has enforcement authority over PBMs. A person, corporation, third-party administrator of prescription drug benefits, PBM, or business entity that violates laws relating to PBMs is subject to a civil penalty of \$1,000 per violation or \$5,000 per violation if the violation was knowing and willful.

Summary of Bill:

On or after January 1, 2019, the maximum amount a PBM or insurer may require a person to pay at the point of sale for a covered prescription medication is the lesser of:

- the applicable cost sharing for the medication;
- the amount the PBM or insurer reimburses the pharmacy or pharmacist for the medication; or
- the amount the person would pay for the medication if he or she purchased it without using a health plan or any other source of prescription medication benefits or discounts.

A contract entered into between a PBM or insurer and a pharmacy or pharmacist may not penalize, including through increased utilization review, reduced payments, or other financial disincentives, the pharmacy's or pharmacist's disclosure to a prescription medication purchaser of information regarding:

- the cost of the prescription medication to the purchaser; or
- the availability of any less expensive therapeutically equivalent alternative medications or less expensive alternative methods of purchasing the medication, including paying the cash price.

The act may be known and cited as the Affordable Medication for Patients Act.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.