HOUSE BILL REPORT
HB 1869

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to establishing the emerging therapies work group.

Brief Description: Establishing the emerging therapies work group.

Sponsors: Representatives Schmick and Cody.

Brief History:
Committee Activity:
Health Care & Wellness: 2/12/19, 2/19/19 [DPS].

Brief Summary of Substitute Bill

- Establishes the Emerging Therapies Work Group to develop a comprehensive analysis of emerging therapies, defined as health care treatments that cost over $100,000 annually, and their impacts on patients.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Cody, Chair; Macri, Vice Chair; Schmick, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Chambers, Davis, DeBolt, Harris, Jinkins, Maycumber, Riccelli, Robinson, Stonier, Thai and Tharinger.

Staff: Chris Blake (786-7392).

Background:

Coordinated State Purchasing of Health Care.

The Health Care Authority (Authority) is responsible for several programs that coordinate the purchasing of health care services. The Health Technology Assessment Program reviews scientific, evidence-based reports about the safety and effectiveness of medical devices, procedures, and tests and a clinical committee determines whether or not the state should pay for them. The Prescription Drug Program contracts for independent reviews of prescription

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drugs to compare the safety, efficacy, and effectiveness of drug classes from which recommendations are made by a clinical committee for the development of a preferred drug list. The Bree Collaborative identifies health care services that have substantial variations in practice patterns or high utilization trends and investigates evidence-based practices that will improve quality and reduce variation in the use of the services.

Preferred Drug List.

The Medicaid Preferred Drug List (PDL) is a list of prescription drug classes that have gone through an evidence-based review process to determine their safety, efficacy, and effectiveness. Drugs on the PDL are generally reimbursed without authorization requirements. In developing the PDL, the Authority contracts with the Center for Evidence-Based Policy at Oregon Health Sciences University to perform systematic evidence-based drug reviews. Using these reviews, the Pharmacy and Therapeutics Committee (P&T Committee) makes recommendations to state agencies regarding which drugs to include on the PDL. The Director of the Authority makes the final selection of drugs and drug classes to place on the Medicaid PDL.

The 2017-19 Operating Budget directed the Authority to implement a single, standard PDL to be used by all Medicaid managed care organizations. The single PDL was implemented on January 1, 2018, with additional drug classes being added through July 1, 2019.

Summary of Substitute Bill:

The Emerging Therapies Work Group (Work Group) is established to provide a comprehensive analysis of emerging therapies and their impacts on patients. An "emerging therapy" is defined as a health care treatment that costs over $100,000 annually.

The Work Group consists of:

- two members from the Health Care Authority (Authority);
- two members from the Office of Financial Management;
- two members who are experts in the fiscal impact of emerging therapies on the state budget;
- at least one specialist in health care economics;
- at least one expert in nongene-based emerging therapies;
- at least one expert in gene-based emerging therapies;
- at least one medical ethicist;
- at least one rare disease specialist;
- at least one physician or osteopathic physician;
- at least one pharmacist;
- at least one psychologist;
- at least one health care actuary;
- at least one representative of the biotechnology industry;
- at least one representative of a rare disease pharmaceutical company; and
- an equal number of representatives from managed care organizations serving Medicaid clients, managed care organizations that have a contract with either the

Public Employees Benefits Board (PEBB) or School Employees Benefits Board (SEBB), and nonprofit patient advocacy organizations that are based in Washington and represent rare diseases and those likely to benefit from emerging therapies in the next 10 years.

Before the Work Group's first meeting, members must disclose the existence of any financial relationship with health care system stakeholders, including insurers and the biopharmaceutical industry.

The Work Group must develop a comprehensive analysis of emerging therapies and their impacts on patients, especially those enrolled in Medicaid, a PEBB plan, or a SEBB plan. The analysis must consider long-term funding for emerging therapies, potential funding options between manufacturers and the state, different payment options between the state and managed care organizations, quality oversight and outcome tracking of providers and facilities administering emerging therapies, management of patients eligible for emerging therapies with consideration of the benefit to the overall state budget, cost savings and economic benefits from emerging therapies, and efforts and policies in other states and federal agencies regarding emerging therapies.

The Work Group must report its findings to the Governor and the appropriate committees of the Legislature by November 16, 2020. In addition to providing a comprehensive analysis of emerging therapies and their impacts on patients, particularly those enrolled in Medicaid, the PEBB, or the SEBB, the report must include any regulatory recommendations to state agencies and legislative recommendations to the Legislature.

Substitute Bill Compared to Original Bill:

The substitute bill removes the requirement that members of the Emerging Therapies Work Group (Work Group), other than the managed care organization and patient advocacy representatives, be based in Washington and that they not be employed by a pharmaceutical company. Prior to the first meeting, members of the Work Group must disclose the existence of any financial relationship with health care system stakeholders, including insurers and the biopharmaceutical industry.

The substitute bill add to the Work Group's consideration, topics relating to: (1) cost savings and economic benefits from emerging therapies, and (2) efforts and policies in other states and federal agencies regarding emerging therapies.

The substitute bill changes the representatives of patient advocacy organizations representing those likely to benefit from emerging therapies in the next five years to 10 years. References to "emerging treatment" and "gene therapy" are changed to "emerging therapy."

Appropriation: None.

Fiscal Note: Requested on February 5, 2019.

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

Staff Summary of Public Testimony:

(In support) This bill is the next step from a bill from last year that had managed care organizations and the Health Care Authority (Authority) discuss how to pay for very expensive emerging therapies and this bill will have more of a patient-oriented focus. There were concerns that last year's bill about emerging therapies allowed the managed care organizations to work with the Authority over the interim and this bill will include patients in the conversation. There are many emerging therapies coming down the pipeline and this bill will get ahead of their arrival on the market. It would be good to have a discussion of emerging therapies with the Authority and interested parties about how they will make decisions about expensive emerging therapies and who gets them and how they will be paid for. Some of the emerging therapies will be very expensive, but also life changing and may result in savings elsewhere in the budget if people are able to go back to work.

(Opposed) None.

(Other) The scope of the Work Group should not just look at cost, but also at understanding how emerging therapies can be life-changing, transformative, and curative. There are some other states that are a little further along at looking at value-based payment and the Work Group should consider what these other states are doing. The composition of the Work Group should not just be limited to people from Washington. The limitation on people who work with pharmaceutical companies is too narrow.

Persons Testifying: (In support) Representative Schmick, prime sponsor; and Erin Dziedzic, Bleeding Disorder Foundation of Washington.

(Other) Bill Clarke, Biotechnology Innovation Organization.

Persons Signed In To Testify But Not Testifying: None.