
Health Care & Wellness Committee

HB 2662

Brief Description: Reducing the total cost of insulin.

Sponsors: Representatives Maycumber, Cody, DeBolt, Tharinger, Chopp, Harris, Macri, Thai, Chambers, Caldier, Duerr, Hudgins, Chapman, Steele, Gildon, Eslick, Robinson, Irwin, Lekanoff, Senn, Doglio, Gregerson, Peterson, Goodman, Leavitt, Frame, Pollet, Riccelli, Volz, Davis and Kloba.

Brief Summary of Bill

- Establishes the Total Cost of Insulin Work Group.
- Caps the total out-of-pocket cost for a 30-day supply of insulin at \$100 for two years.

Hearing Date: 1/28/20

Staff: Kim Weidenaar (786-7120).

Background:

Prescription Drug Purchasing Consortium.

In 2005 the Legislature directed the Health Care Authority (HCA) to establish a prescription drug purchasing consortium. In addition to state agencies, the consortium may include, on a voluntary basis, local government, private entities, labor organizations, and individuals without insurance, or who are underinsured for prescription drug coverage. State purchased health care services purchased through health carriers and health maintenance organizations are exempted from participating in the consortium. In 2006 Washington and Oregon formed the Northwest Prescription Drug Consortium (Northwest Consortium) to expand their purchasing power. The Northwest Consortium offers access to retail pharmacy discounts, pharmacy benefit management services, rebate management services, and a prescription discount card for uninsured residents.

State Agency Work on Prescription Drug Costs.

In 2016 the Department of Health convened a task force to evaluate factors contributing to out-of-pocket costs for patients, including prescription drug cost trends. The same year, the HCA

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.

and the Office of Financial Management prepared a report on prescription drug costs and potential purchasing strategies. The report describes increases in state agency spending on prescription drugs in recent years, current cost drivers, strategies to slow the rate of prescription drug spending, and policy options.

According to data from the All-Payer Claims Database (APCD), in 2018, approximately 90,000 Washington residents filled 771,000 prescriptions for insulin, which represents a 15 percent increase since 2014. This number does not include Veteran's Administration plans and some self-insured plans not captured by the APCD.

Summary of Bill:

The Total Cost of Insulin Work Group is established with representatives from the following organizations appointed by the Governor:

- the Prescription Drug Purchasing Consortium;
- the Pharmacy Quality Assurance Commission;
- an association representing independent pharmacies;
- an association representing chain pharmacies;
- each health carrier offering at least one health plan in the commercial market in the state;
- each health carrier offering at least one health plan to state or public school employees in the state;
- an association representing health carriers;
- the Public Employees' Benefits Board or the School Employees' Benefit Board;
- the Health Care Authority (HCA);
- a pharmacy benefit manager that contracts with state purchasers;
- a drug distributor or wholesaler that distributes or sells insulin in the state;
- a state agency that purchases health care services and drugs for a selected population; and
- the Attorney General's Office.

The Work Group must review and design strategies to reduce the cost of and total expenditures on insulin. The Work Group must submit a report to the Legislature detailing the strategies by December 1, 2020. To the extent permitted under current law, the HCA and the Prescription Drug Purchasing Consortium may begin implementation of the strategies without further legislative direction. The Work Group expires December 1, 2022.

Health carriers, state purchased health care services purchased from or through health carriers, and group model health maintenance organizations may participate in the consortium.

Health plans issued or renewed on or after January 1, 2021, must cap out-of-pocket expenses for a 30-day supply of insulin at \$100, and the HCA must monitor the price of insulin. This requirement expires on January 1, 2023.

Appropriation: None.

Fiscal Note: Requested on January 22, 2020.

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