

FINAL BILL REPORT

E2SHB 2662

C 346 L 20
Synopsis as Enacted

Brief Description: Reducing the total cost of insulin.

Sponsors: House Committee on Appropriations (originally sponsored by 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).

House Committee on Health Care & Wellness
House Committee on Appropriations
Senate Committee on Health & Long Term Care
Senate Committee on Ways & Means

Background:

Prescription Drug Purchasing Consortium.

In 2005 legislation was enacted directing 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 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.

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.

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:

The Total Cost of Insulin Work Group (Work Group) is established. The Work Group must consist of the Insurance Commissioner or designee and representatives from the following organizations appointed by the Governor:

- the Prescription Drug Purchasing Consortium (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 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;
- an organization representing diabetes patients who is living with diabetes; 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 consider whether a state agency should become a licensed drug wholesaler or a registered pharmacy benefit manager, or whether a state agency should purchase prescription drugs on behalf of the state directly from other states or in coordination with other states.

To the extent permitted under current law, the HCA and the Consortium may begin implementation of the strategies without further legislative direction. In order to implement recommended strategies, the HCA may also become or designate a state agency to become a licensed drug wholesaler or registered pharmacy benefit manager, or purchase prescription drugs on behalf of the state directly from other states or in coordination with other states.

Health carriers and state purchased health care services purchased from or through health carriers may participate in the Consortium.

Health plans, including health plans offered to public employees and their dependents, issued or renewed on or after January 1, 2021, must cap the total amount that an enrollee is required to pay for a 30-day supply of insulin at \$100. Prescription insulin drugs must be covered without being subject to a deductible, and any cost sharing paid by an enrollee must be applied toward the enrollee's deductible. The cap expires on January 1, 2023. High

deductible health plans will be exempt from the cost-sharing cap in the event federal guidance changes concerning insulin as a preventative care.

The HCA must monitor the wholesale acquisition cost of insulin products sold in Washington.

Votes on Final Passage:

House	97	1	
Senate	48	0	(Senate amended)
House	95	1	(House concurred)

Effective: June 11, 2020