

SENATE BILL REPORT

E2SHB 2662

As of February 28, 2020

Title: An act relating to reducing the total cost of insulin.

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).

Brief History: Passed House: 2/19/20, 97-1.

Committee Activity: Health & Long Term Care: 2/26/20, 2/28/20 [DPA-WM, w/oRec].

Ways & Means: 2/29/20.

Brief Summary of Amended 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.

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

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

Signed by Senators Cleveland, Chair; Randall, Vice Chair; Conway, Dhingra, Frockt, Keiser, Muzzall, Rivers and Van De Wege.

Minority Report: That it be referred without recommendation.

Signed by Senators O'Ban, Ranking Member; Becker.

Staff: Greg Attanasio (786-7410)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Sandy Stith (786-7710)

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.

Background: Pursuant to statute, the Health Care Authority (HCA) established a prescription drug purchasing consortium. State-purchased health care programs must purchase prescription drugs through the consortium, and local governments, private entities, labor organizations, uninsured, and underinsured residents may voluntarily participate. In 2006, Washington State and Oregon formed the Northwest Prescription Drug Consortium (Consortium) to expand their purchasing power. The Consortium offers access to retail pharmacy discounts, pharmacy benefit management services, rebate management services, and a prescription discount card for uninsured residents. Statutory authority allows for drug purchasing cost controls including negotiating discounts with manufacturers, central purchasing, volume contracting, and setting maximum prices to be paid.

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 Amended Bill: 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 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;
- 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, including considering the following strategies: a state agency becoming a licensed drug wholesaler, a state agency becoming a registered pharmacy benefit manager, and a state agency purchasing prescription drugs on behalf of the state directly from other states or in coordination with other states. The Work Group must submit a preliminary report by December 1, 2020, and a final report by July 1, 2021, to the Governor and Legislature detailing the strategies. The Work Group expires December 1, 2022.

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 obligation. 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.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Engrossed Second Substitute House Bill (Health & Long Term Care): *The committee recommended a different version of the bill than what was heard.* PRO: The bill will provide immediate financial relief to those who need it the most. Manufacturer rebates are often time-limited and burdensome to obtain. 93 percent of insulin users surveyed by AARP reported significant cost increases in recent years and 24 percent reported choosing between paying for food, rent, and insulin.

OTHER: There is a danger of setting a precedent for capping cost for certain benefits. The bill has been improved, but it fails to address the prices set by the manufacturers.

Persons Testifying (Health & Long Term Care): PRO: Representative Jacquelin Maycumber, Prime Sponsor; Michael Moran, Confederated Tribes of the Colville Reservation; Cathy MacCaul, AARP; Sherry Weinberg, MD, Physicians for a National Health Care Plan; Cindi Laws, Health Care for All Washington; Marcee Stone-Vekich, citizen.

OTHER: Christine Brewer, Association of Washington Healthcare Plans.

Persons Signed In To Testify But Not Testifying (Health & Long Term Care): No one.

Staff Summary of Public Testimony (Ways & Means): None.

Persons Testifying (Ways & Means): No one.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.