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**HOUSE BILL 1725**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** Representatives Maycumber, Riccelli, Fosse, Doglio, Tharinger, Stonier, Barnard, Hutchins, Graham, Mosbrucker, Christian, Reeves, Walen, Gregerson, Ormsby, Reed, Schmidt, Pollet, Cheney, Shavers, Macri, and Leavitt

AN ACT Relating to increased access to insulin for individuals under the age of 21; reenacting and amending RCW 39.26.125; adding new sections to chapter 70.14 RCW; adding a new section to chapter 41.05 RCW; adding a new section to chapter 48.43 RCW; adding a new section to chapter 74.09 RCW; creating a new section; and prescribing penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  A new section is added to chapter 70.14 RCW to read as follows:

(1) As soon as is reasonably practicable, the health care authority shall establish the insulin for individuals under the age of 21 bulk purchasing and distribution program. The health care authority is authorized to:

(a) Purchase or enter into contracts as necessary to purchase and distribute insulin, collect an assessment, and administer the program;

(b) Bill, charge, and receive payment from health carriers, managed health care systems, and to the extent that any self-insured health plans choose to participate, self-insured health plans; and

(c) Perform any other functions as may be necessary or proper to establish and administer the program.

(2) To establish and administer the insulin for individuals under the age of 21 bulk purchasing and distribution program, the health care authority may adopt rules providing the following:

(a) A dosage-based assessment and formula to determine the assessment for insulin provided to an individual through the program that includes administrative costs of the program;

(b) The mechanism, requirements, and timeline for health carriers, managed health care systems, and self-insured plans to pay the dosage-based assessments;

(c) The types of health care facilities, health care providers, or other entities that are required to or are permitted to participate in the program;

(d) The billing procedures for any participating health care facility, health care provider, or other entity participating in the program; and

(e) Any other rules necessary to establish, implement, or administer the program.

(3) The following agencies, health plans, and insurers shall participate in the insulin for individuals under the age of 21 bulk purchasing and distribution program:

(a) Health carriers;

(b) Managed health care systems administering a medicaid managed care plan; and

(c) The health care authority for purposes of:

(i) Health plans offered to public employees and their dependents;

(ii) Individuals enrolled in medical assistance under chapter 74.09 RCW that are not enrolled in a managed care plan; and

(iii) Uninsured individuals.

(4) The health care authority may establish an interest charge for late payment of any assessment under this section. The health care authority shall assess a civil penalty against any health carrier, managed health care system, or self-insured health plan that fails to pay an assessment within three months of billing. The civil penalty under this subsection is 150 percent of such assessment. The health care authority is authorized to file liens and seek judgment to recover amounts in arrears and civil penalties, and recover reasonable collection costs, including reasonable attorneys' fees and costs. Civil penalties so levied must be deposited in the insulin account created in section 2 of this act.

(5) The health care authority in coordination with the office of the insurance commissioner may recommend to the appropriate committees of the legislature the termination of the insulin for individuals under the age of 21 bulk purchasing and distribution program if it finds that the original intent of its formation and operation has not been achieved.

(6) By January 1, 2024, the health care authority shall submit a report to the legislature on the progress towards establishing the insulin for individuals under the age of 21 bulk purchasing and distribution program. The health care authority shall submit an updated report on the progress towards establishing the insulin for individuals under the age of 21 bulk purchasing and distribution program by January 1, 2025.

(7) By July 1, 2026, the health care authority shall submit recommendations to the appropriate committees of the legislature on whether and how the insulin for individuals under the age of 21 bulk purchasing and distribution program may be expanded to include other prescription drugs.

NEW SECTION. **Sec.**  A new section is added to chapter 70.14 RCW to read as follows:

The insulin account is created in the custody of the state treasurer. All receipts from collections under section 1 of this act must be deposited into the account. Expenditures from the account may be used only for the operation and administration of the insulin for individuals under the age of 21 bulk purchasing and distribution program identified in section 1 of this act. Only the director of the health care authority or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

**Sec.**  RCW 39.26.125 and 2021 c 318 s 313 and 2021 c 273 s 9 are each reenacted and amended to read as follows:

All contracts must be entered into pursuant to competitive solicitation, except for:

(1) Emergency contracts;

(2) Sole source contracts that comply with the provisions of RCW 39.26.140;

(3) Direct buy purchases, as designated by the director. The director shall establish policies to define criteria for direct buy purchases. These criteria may be adjusted to accommodate special market conditions and to promote market diversity for the benefit of the citizens of the state of Washington;

(4) Purchases involving special facilities, services, or market conditions, in which instances of direct negotiation is in the best interest of the state;

(5) Purchases from master contracts established by the department or an agency authorized by the department;

(6) Client services contracts;

(7) Other specific contracts or classes or groups of contracts exempted from the competitive solicitation process when the director determines that a competitive solicitation process is not appropriate or cost-effective;

(8) Off-contract purchases of Washington grown food when such food is not available from Washington sources through an existing contract. However, Washington grown food purchased under this subsection must be of an equivalent or better quality than similar food available through the contract and must be able to be paid from the agency's existing budget. This requirement also applies to purchases and contracts for purchases executed by state agencies, including institutions of higher education as defined in RCW 28B.10.016, under delegated authority granted in accordance with this chapter or under RCW 28B.10.029;

(9) Contracts awarded to companies that furnish a service where the tariff is established by the utilities and transportation commission or other public entity;

(10) Intergovernmental agreements awarded to any governmental entity, whether federal, state, or local and any department, division, or subdivision thereof;

(11) Contracts for services that are necessary to the conduct of collaborative research if the use of a specific contractor is mandated by the funding source as a condition of granting funds;

(12) Contracts for architectural and engineering services as defined in RCW 39.80.020, which shall be entered into under chapter 39.80 RCW;

(13) Contracts for the employment of expert witnesses for the purposes of litigation;

(14) Contracts for bank supervision authorized under RCW 30A.38.040;

(15) Contracts for the purchase of opioid overdose reversal medication authorized under RCW 70.14.170; ((~~and~~))

(16) Contracts for investigators awarded by the office of independent investigations as authorized under RCW 43.102.050; and

(17) Contracts for the purchase of insulin for individuals under the age of 21 authorized under section 1 of this act.

NEW SECTION. **Sec.**  A new section is added to chapter 41.05 RCW to read as follows:

A health plan offered to public employees and their covered dependents under this chapter that is issued or renewed on or after January 1, 2024, shall participate in the insulin for individuals under the age of 21 bulk purchasing and distribution program established in section 1 of this act once the program is operational.

NEW SECTION. **Sec.**  A new section is added to chapter 48.43 RCW to read as follows:

For health plans issued or renewed on or after January 1, 2024, health carriers shall participate in the insulin for individuals under the age of 21 bulk purchasing and distribution program established in section 1 of this act once the program is operational.

NEW SECTION. **Sec.**  A new section is added to chapter 74.09 RCW to read as follows:

(1) Upon initiation or renewal of a contract with the authority to administer a medicaid managed care plan, a managed health care system shall participate in the insulin for individuals under the age of 21 bulk purchasing and distribution program established in section 1 of this act once the program is operational.

(2) The authority shall participate in the insulin for individuals under the age of 21 bulk purchasing and distribution program established in section 1 of this act once the program is operational for purposes of individuals enrolled in medical assistance under this chapter that are not enrolled in a managed care plan and are uninsured individuals.

NEW SECTION. **Sec.**  (1) The health care authority may adopt rules necessary to implement this act.

(2) The insurance commissioner may adopt rules necessary to implement sections 1 and 5 of this act.

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