H-1908.1

SUBSTITUTE HOUSE BILL 1652

State of Washington 57th Legislature 2001 Regular Session

By House Committee on Health Care (originally sponsored by Representatives Cody, Campbell, Edmonds and Edwards)

Read first time . Referred to Committee on .

AN ACT Relating to development of a therapeutic and cost-effective prescription drug education and utilization system; amending RCW 41.05.026; adding new sections to chapter 41.05 RCW; making an appropriation; providing an effective date; and declaring an emergency.

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

NEW SECTION. **Sec. 1.** A new section is added to chapter 41.05 RCW to read as follows:

(1) In consultation with state and local agencies and private parties, the administrator shall oversee the development of a therapeutic and cost-effective prescription drug education and utilization system designed to promote therapeutic and cost-effective utilization of prescription drugs by residents of the state of Washington.

(2) In carrying out his or her duties under this act, the administrator shall request the participation of the department of social and health services, the department of health, the state board of health, the department of corrections, the department of labor and industries, the office of the insurance commissioner, physicians, advanced registered nurse practitioners, hospitals, pharmacists, the

board of pharmacy and any other appropriate licensing boards, consumer representatives, health plans as defined in RCW 48.43.005, pharmacy benefits management companies, self-insured employer sponsored health benefits plans, and any other interested party.

(3) In carrying out his or her duties under this act, the administrator may:

(a) Contract with third parties for services necessary to carry out its activities under this act where contracting will promote economy, avoid duplication of effort, and make the best use of available expertise. Any such contractor or consultant is prohibited from releasing, publishing, or otherwise using any information made available to it under its contractual responsibility without specific permission of the administrator;

(b) Call upon state agencies to provide available information as necessary to assist the administrator in meeting his or her responsibilities under this act, which information shall be supplied as promptly as circumstances permit;

(c) Appoint technical or advisory committees, as he or she deems necessary. Individuals appointed to any technical or other advisory committee may be reimbursed for their travel expenses under RCW 43.03.050 and 43.03.060;

(d) Solicit, accept, and spend public and private grants, contributions, and other funds to match public funds appropriated to carry out the purposes of this act.

(4) The system must include, but is not limited to:

(a) A uniform formulary of prescription drugs and a system for prescription drug utilization review for state purchased health care programs as provided in section 2 of this act. In consultation with appropriate state agencies, the administrator may determine the extent to which the formulary or prescription drug utilization review system will apply to each state-purchased health care program;

(b) A program of academic detailing and consumer counterdetailing that educates physicians and other prescribers and consumers on the therapeutic and cost-effective utilization of prescription drugs. In developing this program, the administrator shall:

(i) First assess current private and public sector academic detailing and consumer counterdetailing activities in Washington state. The program developed under this subsection should be designed to complement, coordinate, and strengthen these existing activities; and

(ii) Ensure that the program developed under this subsection is consistent with and supports successful implementation of the formulary developed under section 2 of this act;

(c) Recommendations for continuing medical education opportunities for physicians and other health care professionals who prescribe, dispense, or administer prescription drugs. Any continuing medical education program recommended or offered as a result of efforts under this section must ensure that information presented to attendees regarding utilization of prescription drugs is unbiased;

(d) Disease management pilot projects, as provided in section 4 of this act; and

(e) Any other program or activity designed to ensure optimal therapeutic and cost-effective utilization of prescription drugs by consumers.

NEW SECTION. **Sec. 2.** A new section is added to chapter 41.05 RCW to read as follows:

(1) The administrator shall establish a pharmacy and therapeutics committee to develop a uniform formulary for state-purchased health care.

(a) The pharmacy and therapeutics committee may be established directly or through a contract with a private organization. The committee must be composed of actively practicing health care professionals, including physicians, pharmacists, advanced registered nurse practitioners, at least one health care professional employed by a health plan, as defined in RCW 48.43.005, and experts in pharmacoeconomics. Additional specialty expertise and participation may be obtained when necessary.

(b) The formulary must be based upon careful consideration and pharmacoeconomic analysis, giving primary consideration to clinical efficacy of prescription drugs that have been approved by the federal food and drug administration. Cost considerations can influence decisions regarding prescription drugs to be included in the formulary only after safety, efficacy, and therapeutic need have been evaluated. When safety, efficacy, and clinical outcomes of a drug are similar to those of existing formulary drugs, or where a positive economic outcome is not expected with a new drug, it is rational to make a drug formulary decision based upon the unit cost of that drug. Any other

public or private entity may choose to adopt the formulary developed under this subsection.

(c) The formulary must include clear standards and procedures for an exception process to ensure consumer access to medically necessary alternatives to the formulary. No formulary can account for every therapeutic eventuality or unique patient need. The procedures to allow the prescribing of nonformulary medications must neither pose a substantial barrier to the prescribing health care professional nor hinder the consumer's ability to receive necessary medication. However, to encourage the use of clinically efficacious and cost-effective drugs, the administrator may relate prescription drug cost-sharing to the formulary status of a drug.

(d) The administrator may require pharmaceutical manufacturers to submit available pharmacoeconomic data, including clinical and cost outcomes, safety, efficacy, and effectiveness information, to the pharmacy and therapeutics committee in a standardized format to assist the committee in its evaluation of prescription drug products.

(e) Due to the sensitivity of proprietary or nonpublished data that may be used to evaluate prescription drug products for inclusion on the formulary, meetings of the pharmacy and therapeutics committee shall be exempted from application of the open public meetings act, chapter 42.30 RCW.

(2) The drug utilization review program must include but is not limited to prescription drug review, management, and education, including prospective, concurrent, and retrospective review, to improve the quality of pharmaceutical care by ensuring that prescription drugs provided through state-purchased health care programs are appropriate, medically necessary, and not likely to produce adverse medical results.

The administrator may establish a drug utilization review committee either directly or through a contract with a private organization to assist in development and implementation of the drug utilization review program. The committee should be composed of actively practicing health care professionals. Additional specialty expertise may be obtained as needed. Due to the sensitivity of proprietary or nonpublished data that may be used by the drug utilization review committee, meetings of the committee shall be exempted from application of the open public meetings act, chapter 42.30 RCW.

Sec. 3. RCW 41.05.026 and 1991 c 79 s 1 are each amended to read as follows:

(1) When soliciting proposals for the purpose of awarding contracts for goods or services, the administrator shall, upon written request by the bidder, exempt from public inspection and copying such proprietary data, trade secrets, or other information contained in the bidder's proposal that relate to the bidder's unique methods of conducting business or of determining prices or premium rates to be charged for services under terms of the proposal.

(2) Actuarial formulas, statistics, cost and utilization data, or other proprietary information submitted upon request of the administrator or board by a contracting insurer, health care service contractor, health maintenance organization, or vendor may be withheld at any time from public inspection when necessary to preserve trade secrets or prevent unfair competition.

(3) Proprietary information submitted upon request of the administrator by any insurer, vendor, pharmaceutical manufacturer, or other entity/person for the purpose of analyzing and developing cost containment options, delivery alternatives, prescription drug education and utilization systems, and consolidated purchasing for state-purchased health care programs may be withheld at any time from public inspection when necessary to preserve trade secrets or prevent unfair competition.

(4) The board may hold an executive session during any regular or special meeting to discuss information submitted in accordance with subsection (1) or (2) of this section.

NEW SECTION. **Sec. 4.** A new section is added to chapter 41.05 RCW to read as follows:

The administrator shall design and implement at least two pilot disease management programs for persons covered through state-purchased health care programs. The programs shall begin operation on or before July 1, 2002.

(1) The administrator shall determine, in consultation with appropriate state agencies, the disease groups most appropriate for disease management and the state-purchased health care programs to which the disease management programs will apply, after reviewing claims and cost information and research on the effectiveness of disease management programs. The following disease groups should first

be considered for disease management programs: Asthma, diabetes, cardiovascular disease, malignancies, obesity, hemophilia, renal disease, transplants, intervertebral disc disorders, and populations at highest risk of improper use of medication.

(2) Each pilot disease management program must include physicians, pharmacists, and other appropriate health care providers in the design and implementation of the program. Physicians may not be required to participate in a disease management program as a condition of contracting to provide state-purchased health care services.

(3) The programs must incorporate an evaluation component that will allow the administrator to identify successful programs that are candidates for statewide expansion. The evaluation should consider the impact of the disease management program upon the health status of participating enrollees, the use of health services by these enrollees, and the overall costs of treating these enrollees.

NEW SECTION. **Sec. 5.** A new section is added to chapter 41.05 RCW to read as follows:

Any savings to health care benefit programs administered by the public employees' benefits board that result from implementation of the therapeutic and cost-effective prescription drug education and utilization system under this act must be deposited into the public employees' and retirees' insurance account established under RCW 41.05.120.

NEW SECTION. **Sec. 6.** A new section is added to chapter 41.05 RCW to read as follows:

(1) By January 1, 2002, the administrator shall submit to the governor and the legislature a progress report regarding the implementation of the therapeutic and cost-effective prescription drug education and utilization system.

(2) Beginning on January 1, 2003, and by January 1st of each year through 2005, the administrator shall submit to the governor and the legislature a report on the impacts of the therapeutic and cost-effective prescription drug education and utilization system. The report shall be prepared in consultation with the agencies and organizations participating in development of the system under section 1 of this act, and may present recommendations for modifications to the system, or for additional strategies that should be pursued to promote

therapeutic and cost-effective utilization of prescription drugs by residents of the state of Washington.

NEW SECTION. **Sec. 7.** The sum of one hundred thousand dollars, or as much thereof as may be necessary, is appropriated for the biennium ending June 30, 2003, from the health services account to the health care authority for the purposes of sections 1 and 2 of this act.

NEW SECTION. **Sec. 8.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2001.

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