H-3607.1

HOUSE BILL 2565

State of Washington 65th Legislature 2018 Regular Session

By Representative Schmick

Read first time 01/10/18. Referred to Committee on Health Care & Wellness.

AN ACT Relating to drug and gene therapy payment for medicaid managed care organizations; amending RCW 70.14.050; and adding a new section to chapter 74.09 RCW.

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

Sec. 1. RCW 70.14.050 and 2003 1st sp.s. c 29 s 9 are each amended to read as follows:

(1) Each agency administering a state purchased health care program as defined in RCW 41.05.011((~~(2)~~)) shall, in cooperation with other agencies, take any necessary actions to control costs without reducing the quality of care when reimbursing for or purchasing drugs. To accomplish this purpose, participating agencies may establish an evidence-based prescription drug program.

(2) In developing the evidence-based prescription drug program authorized by this section, agencies:

(a) Shall prohibit reimbursement for drugs that are determined to be ineffective by the United States food and drug administration;

(b) Shall adopt rules in order to ensure that less expensive generic drugs will be substituted for brand name drugs in those instances where the quality of care is not diminished;

(c) Where possible, may authorize reimbursement for drugs only in economical quantities;

(d) May limit the prices paid for drugs by such means as negotiated discounts from pharmaceutical manufacturers, central purchasing, volume contracting, or setting maximum prices to be paid;

(e) Shall consider the approval of drugs with lower abuse potential in substitution for drugs with significant abuse potential;

(f) May take other necessary measures to control costs of drugs without reducing the quality of care; and

(g) Shall adopt rules governing practitioner endorsement and use of any list developed as part of the program authorized by this section.

(3) Agencies shall provide for reasonable exceptions, consistent with RCW 69.41.190, to any list developed as part of the program authorized by this section.

(4)(a) Agencies shall establish an independent pharmacy and therapeutics committee to evaluate the effectiveness of prescription drugs in the development of the program authorized by this section.

(b) The pharmacy and therapeutics committee established by the health care authority shall include among its voting members a representative from each managed care organization that is contracted to administer a medicaid managed care plan. The representative of each managed care organization must be either the chief medical officer, medical director, or pharmacy director from the managed care organization.

NEW SECTION. **Sec. 2.** A new section is added to chapter 74.09 RCW to read as follows:

Any contracts with managed care organizations to provide medical assistance under this chapter must include the following limitations with regard to the establishment of a preferred drug list common to all managed care organizations.

(1) The financial responsibility for any new drugs and gene therapies that receive the approval of the federal food and drug administration and the centers for medicare and medicaid services subsequent to the adoption of monthly capitated premiums, shall be borne by the authority and not included in the premiums until:

(a)(i) A clinical work group of the authority and managed care organizations has reviewed the new drug or gene therapy to determine its medical necessity criteria and potential cost as it may impact current monthly capitated premiums and made recommendations regarding

whether it should be included in the monthly capitated premiums prior to the next scheduled adjustment of the premiums; and

(ii) The authority's pharmacy and therapeutics committee has reviewed the new drug or gene therapy and considered the recommendations of the clinical work group and determined the immediate inclusion in the monthly capitated premiums to have no more than a negligible increase on those premiums; or

(b) The next scheduled adjustment of the monthly capitated premiums has occurred with consideration of the cost of the new drugs included in the premium.

(2) The financial responsibility for any new drugs and gene therapies that (a) receive the approval of the federal food and drug administration, the centers for medicare and medicaid services, and the pharmacy and therapeutics committee; and (b) are determined by the pharmacy and therapeutics committee to be high cost drugs or gene therapies, according to criteria established by a work group of the authority and managed care organizations, shall be borne by the authority and not included in the monthly capitated premiums. The analysis prepared by the clinical work group in subsection (1)(a)(i) of this section shall inform the deliberations of the pharmacy and therapeutics committee's determination of whether or not a drug meets the criteria to qualify as a high cost drug or gene therapy. The authority shall bear the financial responsibility for the new high cost drugs and gene therapies for a period of two years while cost and utilization data are collected. During the two-year period that the authority bears the fiscal responsibility, managed care organizations must be reimbursed by the authority on a fee-for-service basis. The new high cost drug and gene therapies shall be included in the monthly capitated premiums at the next scheduled adjustment of the premiums following the two-year period.

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