

HOUSE BILL REPORT

SSB 6113

As Reported by House Committee On: Health Care & Wellness

Title: An act relating to creation of a central insulin purchasing program.

Brief Description: Creating a central insulin purchasing program.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Keiser, Das, Hasegawa, Hunt, Kuderer, Pedersen, Randall, Rolfes, Van De Wege and Wilson, C.).

Brief History:

Committee Activity:

Health Care & Wellness: 2/25/20, 2/27/20 [DP].

Brief Summary of Substitute Bill

- Establishes the Central Insulin Purchasing Work Group.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass. Signed by 14 members: Representatives Cody, Chair; Macri, Vice Chair; Schmick, Ranking Minority Member; Chambers, Chopp, Davis, DeBolt, Harris, Maycumber, Riccelli, Robinson, Stonier, Thai and Tharinger.

Staff: Kim Weidenaar (786-7120).

Background:

Prescription Drug Purchasing Consortium.

In 2005 the Legislature directed the Health Care Authority (HCA) to establish a prescription drug purchasing consortium (PDP Consortium). In addition to state agencies, the PDP 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 PDP Consortium. In 2006 Washington and Oregon formed the Northwest Prescription Drug Consortium (Northwest Consortium) to expand their purchasing power. The Northwest Consortium

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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.

Summary of Bill:

The Central Insulin Purchasing Work Group (Work Group) is established with representatives from the following organizations appointed by the Governor:

- the PDP 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;
- the Attorney General's Office;
- the Office of the Insurance Commissioner;
- an organization representing diabetes patients, and the representative must be someone who is living with diabetes; and
- an association representing research-based manufactures with expertise in the components contributing to the cost of insulin to serve as a nonvoting member.

The Work Group must design a purchasing strategy to allow the PDP Consortium to act as the single purchaser for insulin in the state. The Work Group must submit a report to the Legislature detailing the plan and any necessary statutory changes by July 1, 2021. To the extent permitted under current law, the PDP Consortium may begin implementation of the plan without further legislative direction. The Work Group expires December 1, 2022.

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

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This issue is very familiar to the committee and we are all aware of the problem facing us. The sponsor would like to pursue a collaborative approach on a central insulin purchasing program so that we will not be subject to these kinds of crises in the future. There are over 90,000 insulin-dependent diabetics in Washington, many of which are probably uninsured and have a very difficult time accessing insulin. Insulin is a matter of life and death. A third of this country is at risk for prediabetes and so this problem will only grow in scale.

Section 2 of the bill defines the members of the Work Group, which includes lots of people from health carriers, purchasers, and drug manufacturers. Most other boards and commissions have members of the public, but this board has zero. The Legislature must ensure that those who will be affected by these decisions are also allowed to sit on this Work Group. The individuals with this disease and their caregivers have more accurate and more current information.

(Opposed) None.

Persons Testifying: Senator Keiser, prime sponsor; Kevin Wren, Washington #insulin4all; and Cindi Laws, Health Care for All Washington.

Persons Signed In To Testify But Not Testifying: None.