

# SENATE BILL REPORT

## SHB 1869

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As of March 18, 2019

**Title:** An act relating to establishing the emerging therapies work group.

**Brief Description:** Establishing the emerging therapies work group.

**Sponsors:** House Committee on Health Care & Wellness (originally sponsored by Representatives Schmick and Cody).

**Brief History:** Passed House: 3/04/19, 97-0.

**Committee Activity:** Health & Long Term Care: 3/18/19.

### Brief Summary of Bill

- Establishes the Emerging Therapies Work Group to develop an analysis of emerging therapies, defined as health care treatments that cost over \$100,000 annually, and their impacts on patients.

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## SENATE COMMITTEE ON HEALTH & LONG TERM CARE

**Staff:** Evan Klein (786-7483)

**Background:** Coordinated State Purchasing of Health Care. The Health Care Authority (HCA) is responsible for several programs that coordinate the purchase of health care services. The Health Technology Assessment Program reviews scientific, evidence-based reports about the safety and effectiveness of medical devices, procedures, and tests and a clinical committee determines whether or not the state should pay for them. The Prescription Drug Program contracts for independent reviews of prescription drugs to compare the safety, efficacy, and effectiveness of drug classes from which recommendations are made by a clinical committee for the development of a preferred drug list. The Bree Collaborative identifies health care services that have substantial variations in practice patterns or high utilization trends and investigates evidence-based practices that will improve quality and reduce variation in the use of the services.

Preferred Drug List. The Medicaid Preferred Drug List (PDL) is a list of prescription drug classes that have gone through an evidence-based review process to determine their safety, efficacy, and effectiveness. In developing the PDL, HCA contracts with the Center for

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Evidence-Based Policy at Oregon Health Sciences University to perform systematic evidence-based drug reviews. Using these reviews, the Pharmacy and Therapeutics Committee (P&T Committee) makes recommendations to state agencies regarding which drugs to include on the PDL. The director of HCA makes the final selection of drugs and drug classes to place on the Medicaid PDL.

The 2017-19 operating budget directed HCA to implement a single, standard PDL to be used by all Medicaid managed care organizations. The single PDL was implemented on January 1, 2018, with additional drug classes being added through July 1, 2019.

**Summary of Bill:** The Emerging Therapies Work Group (work group) is established to provide a comprehensive analysis of emerging therapies and their impacts on patients. An "emerging therapy" is defined as a health care treatment that costs over \$100,000 annually.

The work group consists of:

- two members from HCA;
- two members from the Office of Financial Management;
- two members who are experts in the fiscal impact of emerging therapies on the state budget;
- at least one specialist in health care economics;
- at least one expert in nongene-based emerging therapies;
- at least one expert in gene-based emerging therapies;
- at least one medical ethicist;
- at least one rare disease specialist;
- at least one physician or osteopathic physician;
- at least one pharmacist;
- at least one psychologist;
- at least one health care actuary;
- at least one representative of the biotechnology industry;
- at least one representative of a rare disease pharmaceutical company; and
- an equal number of representatives from managed care organizations serving Medicaid clients, managed care organizations that have a contract with either the Public Employees Benefits Board (PEBB) or School Employees Benefits Board (SEBB), and nonprofit patient advocacy organizations based in Washington and represent rare diseases and those likely to benefit from emerging therapies in the next ten years.

Before the work group's first meeting, members must disclose the existence of any financial relationship with health care system stakeholders, including insurers and the biopharmaceutical industry.

The work group must develop a comprehensive analysis of emerging therapies and their impacts on patients, especially those enrolled in Medicaid, a PEBB plan, or a SEBB plan. The analysis must consider long-term funding for emerging therapies; potential funding options between manufacturers and the state; different payment options between the state and managed care organizations; quality oversight and outcome tracking of providers and facilities administering emerging therapies; management of patients eligible for emerging therapies with consideration of the benefit to the overall state budget, cost savings, and

economic benefits from emerging therapies; and efforts and policies in other states and federal agencies regarding emerging therapies.

The work group must report its findings to the Governor and the appropriate committees of the Legislature by November 16, 2020. In addition to providing a comprehensive analysis of emerging therapies and their impacts on patients, the report must include any regulatory recommendations to state agencies and legislative recommendations to the Legislature.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on March 13, 2019.

**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:** PRO: This bill is about how the MCOs deal with high cost treatments. The bill last year left out patient groups, which is corrected in the bill this year. This work group will help the state figure out how to fund these treatments in the future. There are a lot of treatments in the pipeline for people with rare conditions, and many treatments becoming available are someone's only hope. Gene therapy is pretty intense, but may be someone's best treatment option. It is time to start having a conversation about how these treatments will be provided. Patients do not currently know how they will pay for some of these treatments, so it is important to reassure them that they have options to access them. There is support for a proposed amendment about how care will be transformed by these therapies, as opposed to just how to pay for them.

**Persons Testifying:** PRO: Representative Joe Schmick, Prime Sponsor; Melissa Johnson, Life Science Washington; Stephanie Simpson, Bleeding Disorder Foundation of Washington.

**Persons Signed In To Testify But Not Testifying:** No one.