

SENATE BILL REPORT

SHB 2464

As Passed Senate - Amended, March 6, 2020

Title: An act relating to protecting patients from excess charges for prescription medications.

Brief Description: Protecting patients from excess prescription medication charges.

Sponsors: House Committee on Health Care & Wellness (originally sponsored by Representatives Gildon and Young).

Brief History: Passed House: 2/17/20, 98-0.

Committee Activity: Health & Long Term Care: 2/26/20, 2/28/20 [DPA].

Floor Activity:

Passed Senate - Amended: 3/06/20, 48-0.

Brief Summary of First Substitute Bill

- Limits the maximum amount a purchaser of prescription medication may be required to pay at the point of sale.
- Prohibits a carrier or pharmacy benefit manager from requiring a pharmacist to dispense a brand name drug when a less expensive equivalent generic drug is available.

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Majority Report: Do pass as amended.

Signed by Senators Cleveland, Chair; Randall, Vice Chair; O'Ban, Ranking Member; Becker, Conway, Dhingra, Frockt, Keiser, Muzzall, Rivers and Van De Wege.

Staff: Evan Klein (786-7483)

Background: A pharmacy benefit manager (PBM) is any person that contracts with pharmacies on behalf of an insurer, a third-party payor, or the prescription drug purchasing consortium to:

- process claims for prescription drugs or medical supplies or provide retail network management for pharmacies or pharmacists;
- pay pharmacies or pharmacists for prescription drugs or medical supplies; or
- negotiate rebates with manufacturers for drugs paid for or procured.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

To conduct business in Washington, a PBM is required to register with the insurance commissioner (commissioner), to develop an appeals process for pharmacies, and to follow specified standards for auditing pharmacy claims.

A health plan offering coverage to individuals or small groups is required, under the federal Patient Protection and Affordable Care Act (ACA), to cover ten categories of essential health benefits, one of which is prescription drugs. The general prescription drug coverage requirements for Washington state health plans are established in the state's benchmark plan.

Summary of First Substitute Bill: Beginning January 1, 2021, the maximum amount a pharmacy benefit manager or health carrier may require a person to pay at the point of sale for a covered prescription medication is the lesser of:

- the applicable cost sharing for the medication; or
- the amount the person would pay for the medication if he or she purchased it without using a health plan.

A health carrier or pharmacy benefit manager may not require a pharmacist to dispense a brand name prescription drug when a less expensive therapeutically equivalent generic drug is available.

Appropriation: None.

Fiscal Note: Not requested.

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 on Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill will save money for constituents because the cash-price may be cheaper than the copay price for a prescription. Senior citizens on fixed incomes who have to fill a number of prescriptions each month will save money if this bill is enacted. Patient's cost for medications is a major issue. A major driver for these costs is increasing deductibles. When patients pay cash for a drug, it does not go to the deductible. The committee should also evaluate the PBM practice of forcing a pharmacy to dispense a brand name drug when a generic is available. This bill will enable patients to get value out of whatever coverage they have and is about helping patients get the most out of their dollar.

Persons Testifying: PRO: Representative Chris Gildon, Prime Sponsor; Andrew Heinz, Kirk's Pharmacy; Marcia Stedman, Health Care for All Washington.

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