

SENATE BILL REPORT

SB 6113

As Reported by Senate Committee On:
Health & Long Term Care, January 22, 2020
Ways & Means, February 5, 2020

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

Brief Description: Creating a central insulin purchasing program.

Sponsors: Senators Keiser, Das, Hasegawa, Hunt, Kuderer, Pedersen, Randall, Rolfes, Van De Wege and Wilson, C.

Brief History:

Committee Activity: Health & Long Term Care: 1/17/20, 1/22/20 [DP-WM, w/oRec].
Ways & Means: 1/29/20, 2/05/20 [DPS, w/oRec].

Brief Summary of First Substitute Bill

- Establishes a work group to design a purchasing strategy to allow the Northwest Prescription Drug Consortium to act as the single purchaser of insulin for the state

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Cleveland, Chair; Randall, Vice Chair; Conway, Dhingra, Frockt, Keiser and Van De Wege.

Minority Report: That it be referred without recommendation.

Signed by Senators O'Ban, Ranking Member; Becker and Muzzall.

Staff: Greg Attanasio (786-7410)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6113 be substituted therefor, and the substitute bill do pass.

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.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Billig, Carlyle, Conway, Darneille, Dhingra, Hasegawa, Hunt, Keiser, Liias, Muzzall, Pedersen, Rivers, Van De Wege and Wagoner.

Minority Report: That it be referred without recommendation.

Signed by Senators Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Becker, Schoesler, Warnick and Wilson, L..

Staff: Sandy Stith (786-7710)

Background: Pursuant to statute, the Health Care Authority (HCA) established a prescription drug purchasing consortium. State-purchased health care programs must purchase prescription drugs through the consortium, and local governments, private entities, labor organizations, uninsured, and underinsured residents may voluntarily participate. In 2006, Washington State and Oregon formed the Northwest Prescription Drug Consortium (Consortium) to expand their purchasing power. The Consortium offers access to retail pharmacy discounts, pharmacy benefit management services, rebate management services, and a prescription discount card for uninsured residents. Statutory authority allows for drug purchasing cost controls including negotiating discounts with manufacturers, central purchasing, volume contracting, and setting maximum prices to be paid.

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

- the 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;
- 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;
- and
- the Attorney General's Office.

The work group must design a purchasing strategy to allow the 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 by December 1, 2020. To the extent permitted under current law, the Consortium may begin implementation of the plan without further legislative direction.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute): Additional representatives are added to the Central Insulin Purchasing Work Group from the following organizations:

- the Office of the Insurance Commissioner;
- an organization representing diabetes patients living with diabetes; and
- to serve as a nonvoting member, an association representing research-based manufacturers with expertise in the components contributing to the cost of insulin.

The due date for the report from the work group is extended until July 1, 2021.

State purchased health care programs are exempt from the requirements of this program if they can demonstrate they can achieve greater discounts and cost savings than would be achieved through participation in the Consortium.

Appropriation: None.

Fiscal Note: Available.

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 Original Bill (Health & Long Term Care): PRO: There is an urgent need for the state to provide insulin to residents without out-of-pocket expenses. The cost of covering insulin is far less than the costs incurred by all when a patients do not have insulin.

Persons Testifying (Health & Long Term Care): PRO: Senator Karen Keiser, Prime Sponsor; Cindi Laws, Health Care for All Washington.

Persons Signed In To Testify But Not Testifying (Health & Long Term Care): PRO: Marcia Stedman, Health Care for All Washington; Ronnie Shure, Pharmacist, Health Care for All Washington; Sherry Weinberg, MD, Physicians for a National Health Plan; Cathy MacCaul, AARP.

Staff Summary of Public Testimony on Original Bill (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: This idea developed over the interim in the context of the problems the state was having with prescription drug purchasing. During this time, a different problem arose with childhood vaccines. We developed a plan to purchase childhood vaccines by using the state's purchasing authority. This has worked out very well. We thought we could use this as a model for purchasing insulin. This is complicated. It needs a workgroup to figure it out. That is why this bill has been brought forward. Drug companies are making billions of dollars from senior citizens and taxpayers. This is a national effort to reduce drug prices now. This would leverage the buying power of all insulin purchases in the state with the goal of lowering the cost of insulin. After stakeholders looked at this, they modeled this after purchasing processes for Hepatitis C and vaccines. We would like you to consider adding people who are afflicted with this disease to the workgroup.

Persons Testifying (Ways & Means): PRO: Senator Karen Keiser, Prime Sponsor; Marcee Stone-Vekich, citizen; Joanna Grist, AARP.

Persons Signed In To Testify But Not Testifying (Ways & Means): PRO: Cindi Laws, citizen; Marcia Stedman, citizen.