

Multiple Agency Fiscal Note Summary

Bill Number: 6087 P S SB SHLTC S-5593.1	Title: Insulin cost-sharing
---	------------------------------------

Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	0	0	0	0	0	0

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Washington State Health Care Authority	.0	0	172,000	.0	0	0	.0	0	0
Washington State Health Care Authority	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Office of Insurance Commissioner	.2	0	63,275	.2	0	55,842	.2	0	55,842
Total \$	0.2	0	235,275	0.2	0	55,842	0.2	0	55,842

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Office of Insurance Commissioner	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

Prepared by: Jason Brown, OFM	Phone: (360) 902-0539	Date Published: Final 2/ 8/2020
--------------------------------------	---------------------------------	---

Individual State Agency Fiscal Note

Bill Number: 6087 P S SB SHLTC S-5593.1	Title: Insulin cost-sharing	Agency: 107-Washington State Health Care Authority
---	------------------------------------	--

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
Account					
Health Benefit Exchange Account-State 17T-1	0	172,000	172,000	0	0
Total \$	0	172,000	172,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Amanda Cecil	Phone: 360-786-7460	Date: 01/23/2020
Agency Preparation: Kate LaBelle	Phone: 360-725-1918	Date: 02/07/2020
Agency Approval: Tanya Deuel	Phone: 360-725-0908	Date: 02/07/2020
OFM Review: Jason Brown	Phone: (360) 902-0539	Date: 02/08/2020

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

See attached narrative

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

HCA - No cash receipts

HBE - Indeterminate cash receipts

See attached narrative

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

HCA - Indeterminate

HBE - Operating expenses included

See attached narrative

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
17T-1	Health Benefit Exchange Account	State	0	172,000	172,000	0	0
Total \$			0	172,000	172,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts		172,000	172,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	172,000	172,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*
NONE

III. D - Expenditures By Program (optional)

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Health Benefit Exchange (300)		172,000	172,000		
Total \$		172,000	172,000		

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures
NONE

IV. B - Expenditures by Object Or Purpose
NONE

IV. C - Capital Budget Breakout
Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods
NONE

Part V: New Rule Making Required

HCA Fiscal Note

Bill Number: 6087 P S SB SHLTC S-5593.1

HCA Request #: 20-83

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Section 1 amends RCW 48.43 (Insurance Reform) to require health plans issued or renewed on or after January 1, 2021, that provide coverage for prescription insulin drugs to cap copayments, deductibles, or other forms of cost-sharing for the drug at an amount not to exceed \$100 for a 30-day supply of the drug. Beginning January 1, 2022, a health carrier may submit a request to the Office of the Insurance Commissioner (OIC) to raise the cost-sharing by five dollars for a thirty-day supply for every \$100 increase in total cost for the insulin product.

This bill states that qualifying health plans with health savings accounts (HSA) must abide by these requirements so long as the IRS lists this as a preventive care service. This bill states that this section expires upon the implementation of a centralized state insulin purchasing program.

Section 2 adds a new section to RCW 41.05 (State Health Care Authority) that self-insured health plans offered by the Public Employees Benefits Board (PEBB) program and the School Employees Benefits Board (SEBB) program issued or renewed on or after January 1, 2021, that provide coverage for prescription insulin drugs to cap copayments, deductibles, or other forms of cost-sharing for the drug at an amount not to exceed \$100 for a 30-day supply of the drug. Beginning January 1, 2022, a health carrier may submit a request to the OIC to raise the cost-sharing by five dollars for a thirty-day supply for every \$100 increase in total cost for the insulin product.

This bill states that qualifying health plans with HSA must abide by these requirements so long as the IRS lists this as a preventive care service. This bill requires the HCA to monitor the wholesale acquisition costs of all insulin products sold by the state. This bill states that this section expires upon the implementation of a centralized state insulin purchasing program.

II. B - Cash Receipts Impact

None

II. C - Expenditures

Medicaid

No impacts on any Medicaid lines of business because this legislation places the requirements under RCW 48.43.

PEBB and SEBB

Indeterminate

Section 1 amends RCW 48.43 to require health plans issued or renewed on or after January 1, 2021, that provides coverage for prescription insulin drugs to cap copayments, deductibles, or other forms of cost-sharing for the drug at an amount not to exceed \$100 for a 30-day supply of the drug. Beginning January 1, 2022, a health carrier may submit a request to the OIC to raise the cost-sharing by five dollars for a thirty-day supply for every \$100 increase in total cost for the insulin product.

HCA Fiscal Note

Bill Number: 6087 P S SB SHLTC S-5593.1

HCA Request #: 20-83

This bill states that qualifying health plans with health savings accounts (HSA) must abide by these requirements so long as the IRS lists this as a preventive care service. This bill states that this section expires upon the implementation of a centralized state insulin purchasing program.

RCW 48.43 governs the fully-insured carriers in the HCA PEBB program and SEBB program. Implementation of this bill could result in increased premiums for the fully-insured plans which may impact the state medical benefit contribution and employee contributions for health benefits. This bill will limit cost-sharing for the member, shifting the remaining costs to the health plan, and it does not prevent overall prescription drug prices from rising.

Kaiser Foundation Health Plan of the Northwest (KPNW) provided data regarding costs for the PEBB fully-insured plans. According information data from KPNW, the average patient per-prescription cost in 2018 for a 30-day supply of insulin ranged from \$9.53 for formulary insulin to \$20.88 for non-formulary insulin.

Kaiser Foundation Health Plan of Washington (KPWA) provided data regarding costs for the PEBB fully-insured plans. According information from KPWA, the average patient per-prescription cost in 2019 for a 30-day supply of insulin ranged \$32 for formulary insulin to \$79 for non-formulary insulin. While this only represents the patient average on PEBB specific plans, the current patient costs are less than the cap this bill creates.

There is no data available for the SEBB population to determine utilization because this is a new program.

Section 2 adds a new section to RCW 41.05 that self-insured health plans offered by the PEBB program and the SEBB program issued or renewed on or after January 1, 2021, that provide coverage for prescription insulin drugs to cap copayments, deductibles, or other forms of cost-sharing for the drug at an amount not to exceed \$100 for a 30-day supply of the drug. Beginning January 1, 2022, a health carrier may submit a request to the OIC to raise the cost-sharing by five dollars for a thirty-day supply for every \$100 increase in total cost for the insulin product.

This bill states that qualifying health plans with a HSA must abide by these requirements so long as the IRS lists this as a preventive care service. This bill requires the HCA to monitor the wholesale acquisition costs of all insulin products sold by the state. This bill states that this section expires upon the implementation of a centralized state insulin purchasing program.

RCW 41.05 governs the self-insured UMP health plans offered by the PEBB program and SEBB program. Implementation of this bill could result in increased premiums for the self-insured plans which may impact the state medical benefit contribution and employee contributions for health benefits. This bill will limit cost-sharing for the member, shifting the remaining costs to the health plan, and it does not prevent overall prescription drug prices from rising.

Currently, members on non-HSA Uniform Medical Plan (UMP) health plans have a maximum cost-share of \$75 for preferred drugs. In 2019, members on UMP plans paid \$10.97 per 30-day supply of preferred products, and \$105.99 per 30-day supply for non-preferred products. This pricing information is inclusive of all the UMP plans, including the CDHP offering.

There is no data available for the SEBB population to determine utilization because this is a new program.

HCA Fiscal Note

Bill Number: 6087 P S SB SHLTC S-5593.1

HCA Request #: 20-83

Part IV: Capital Budget Impact

None

Part V: New Rule Making Required

None

HBE Fiscal Note

Bill Number: SSB 6087

HBE Request #: 20-19-01

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

This bill is expected to improve affordability concerns for consumers that require insulin treatment by creating limits on the copayments, deductibles, and other forms of cost-sharing for prescription insulin drugs.

The legislation scope includes all health plans issued or renewed after January 1, 2021.

II. B - Cash Receipts Impact

Indeterminate. The impact on premiums of lowering cost-sharing for insulin is unclear.

II. C - Expenditures

Total Cost: The Exchange estimates a total fiscal impact of \$172,000 in fiscal year 2021.

Expenditures			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
17T	Health Benefit Exchange	1	-	172,000	-	-	-	-
Biennial Total				172,000		-		-

Objects			FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	A	Salaries & Wages	-	19,000	-	-	-	-
	B	Employee Benefits	-	7,000	-	-	-	-
	C	Personal Serv Contr	-	139,000	-	-	-	-
	E	Goods and Services	-	7,000	-	-	-	-
	G	Travel	-	-	-	-	-	-
Total			-	172,000	-	-	-	-

The Exchange would need to implement system changes in Healthplanfinder that updates screens to more concisely display this new cost-sharing structure for consumers. Healthplanfinder screens have a 'Managing Type II Diabetes' consumer-focused cost-sharing screen.

High-Level Summary of Healthplanfinder System Changes:

- Update Plan Benefits Template
- Update database to store new information
- Changes to plan management web service calls to be able to receive new benefit to display on-screen
- Add new benefit row to the Plan Compare and More Information about Plan screens

\$20,000 has been included for updates to the Exchange's Smart Planfinder tool, to ensure this cap is noted when consumers look up these drugs. If the Office of the Insurance Commissioner (OIC) prescription drug template is updated to reflect this bill, the correct costs will be reflected automatically in Smart Planfinder.

HBE Fiscal Note

Bill Number: SSB 6087

HBE Request #: 20-19-01

Objects of Expenditure:	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
A - Salaries And Wages	\$ -	\$ 19,000	\$ -	\$ -	\$ -	\$ -
B - Employee Benefits	\$ -	\$ 7,000	\$ -	\$ -	\$ -	\$ -
C - Personal Service Contracts	\$ -	\$ 139,000	\$ -	\$ -	\$ -	\$ -
E - Goods And Services	\$ -	\$ 7,000	\$ -	\$ -	\$ -	\$ -
G - Travel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 172,000	\$ -	\$ -	\$ -	\$ -

The Exchange assumes that system changes will need to be made before open-enrollment for the 2021 plan year.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 6087 P S SB SHLTC S-5593.1	Title: Insulin cost-sharing	Agency: 160-Office of Insurance Commissioner
---	------------------------------------	--

Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	0.5	0.2	0.2	0.2
Account					
Insurance Commissioners Regulatory Account-State 138-1	0	63,275	63,275	55,842	55,842
Total \$	0	63,275	63,275	55,842	55,842

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact: Amanda Cecil	Phone: 360-786-7460	Date: 01/23/2020
Agency Preparation: Jane Beyer	Phone: 360-725-7043	Date: 01/28/2020
Agency Approval: Bryon Welch	Phone: 360-725-7037	Date: 01/28/2020
OFM Review: Jason Brown	Phone: (360) 902-0539	Date: 01/30/2020

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1. This section caps insulin cost-sharing at \$100 per 30 day supply for fully-insured health plans and HCA-procured health plans issued or renewed on or after January 2, 2021.

Added in the substitute:

- Subsection 1(1): Beginning January 1, 2022, for every \$100.00 increase in the cost of an insulin product, taking into account rebates and other price concessions, the health plan may submit a request to the OIC to raise the cost sharing amount for a 30 day supply by \$5.00. The amended bill also allows for a conditional exemption for high deductible health plans in the event the IRS guidance on preventive care changes.
- Subsection 1(2): Provides for a conditional exemption in the event the IRS removes insulin from the list of preventive care services. In the event of the removal, the cost share requirement for coverage of insulin must be set at the minimum amount necessary to preserve a High Deductible Health Plan (HDHP) enrollee's ability to claim tax exempt contributions from their health savings account (HSA) per IRS requirements. This section also requires that the OIC provide written notice of the change in IRS guidance to affected parties, the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others deemed appropriate by the office.

These new requirements would be added to chapter 48.43 RCW, which applies to all health plans.

Section 2 applies the requirement of section 1 to disability carriers issuing individual health plans.

Section 3 applies the requirement section 1 to disability carriers issuing group health plans.

Section 4 applies the requirement of section 1 to Health Care Service Contractor's issuing health plans.

Section 5 applies the requirement of section 1 to Health Maintenance Organization's issuing health plans.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Sections 1 through 5 require a health plan issued or renewed on or after January 1, 2021 to cap copayments, deductibles, or other forms of cost sharing for insulin at an amount not to exceed \$100 per 30 day supply. The new cost share requirement for insulin will require the addition of a single new review standard for health plan form and binder filings. The OIC receives approximately 470 such filings each year and we assume approximately 30 minutes per filing to review for the new cost share requirement. In FY2021, one-time costs of 8 hours of a Functional Program Analyst 3 to update filing review standards, update checklist documents, and train staff; and costs of 30 minutes of review time per health plan filing, or a total of 235 hours (30 minutes per filing x 470 filings), of a Functional Program Analyst 3 will be required. In FY2022 and thereafter, once industry compliance has set in, review time will drop to 10 minutes per health plan filing requiring 78 hours (10 minutes per filing x 470 filings) of a Functional Program Analyst 3.

The new cost share requirement for insulin will require actuarial review to ensure that the rate and rate impacts

are reasonable and consistent with the requirement. This review of an estimated 13 individual health plan carriers and 12 small group health plan carriers will require 25 hours (1 hour per rate filing) each year beginning in FY2021 of an Actuary 3.

Subsection 1(1) price increase language added in the substitute: For plan years beginning in 2022, OIC will be responding to requests from carriers to adjust their insulin cost-sharing when insulin prices increase. Carriers will be able to file a request with the OIC to raise the cost-sharing by \$5 per month if the price of an insulin drug increases by \$100 in a year. Recognizing that many health plans utilize the same Pharmacy Benefit Manager (PBM) through contracts with carriers, we are assuming that OIC will receive 54 requests for cost-sharing increases, i.e. one request per each of the 54 PBM's operating in Washington State. This is a conservative assumption given the numerous formulations and delivery systems for insulin. Review of each price increase request and process endorsements will require 4 hours per request. Beginning in FY2021, one-time costs of 18 hours of a WMS3 to develop review standards for documentation to support cost-sharing increase requests and train staff; and ongoing costs of 216 hours of Functional Program Analyst 4 (4 hours x 54 requests) will be required.

Section 1(3) requires section 1 to expire upon the implementation of a centralized state insulin purchasing program. The Health Care Authority is required to provide written notice of the expiration date to the affected parties. Because we can't be sure of the timing of section 1's expiration, for purposes of this fiscal note, the costs are assumed to be ongoing.

Section 1 establishes explicit cost-sharing limitations related to coverage of insulin. WAC 284-43-5110 relates to cost-sharing for prescription drugs and WAC 284-43-5642 relates to essential health benefits. In addition, the new provision in the substitute that allows carriers to request an increase in insulin cost-sharing likely will require rulemaking. Since not all insulin products have the same price, and each issuer's rebate and price concessions are different, rulemaking likely will be needed to provide guidance how issuers can raise the cost sharing amount for a 30 day supply by \$5.00. This would be a 'simple' rulemaking in FY2021.

Ongoing costs:

Salary, benefits and associated costs for .05 FTE Functional Program Analyst 3; .13 FTE Functional Program Analyst 4; and .02 FTE Actuary 3.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
138-1	Insurance Commissioners Regulatory Account	State	0	63,275	63,275	55,842	55,842
Total \$			0	63,275	63,275	55,842	55,842

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		0.5	0.2	0.2	0.2
A-Salaries and Wages		37,404	37,404	33,068	33,068
B-Employee Benefits		13,216	13,216	11,606	11,606
C-Professional Service Contracts					
E-Goods and Other Services		12,655	12,655	11,168	11,168
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	63,275	63,275	55,842	55,842

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2020	FY 2021	2019-21	2021-23	2023-25
Actuary 3	159,576		0.0	0.0	0.0	0.0
Functional Program Analyst 3	68,892		0.2	0.1	0.1	0.1
Functional Program Analyst 4	76,128		0.2	0.1	0.1	0.1
Senior Policy Analyst	91,896		0.1	0.1		
WMS3	98,508		0.0	0.0		
Total FTEs			0.5	0.2	0.2	0.2

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 1 establishes explicit cost-sharing limitations related to coverage of insulin. WAC 284-43-5110 relates to cost-sharing for prescription drugs and WAC 284-43-5642 relates to essential health benefits. In addition, the new provision in the substitute that allows carriers to request an increase in insulin cost-sharing likely will require rulemaking. Since not all insulin products have the same price, and each issuer's rebate and price concessions are different, rulemaking likely will be needed to provide guidance how issuers can raise the cost sharing amount for a 30 day supply by \$5.00. This would be a 'simple' rulemaking in FY2021.