

Multiple Agency Fiscal Note Summary

Bill Number: 5814 SB	Title: Cancer drugs coverage
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Office of Insurance Commissioner	.1	0	0	32,196	.1	0	0	17,530	.1	0	0	17,530
Total \$	0.1	0	0	32,196	0.1	0	0	17,530	0.1	0	0	17,530

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	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) 742-7277	Date Published: Final 1/15/2024
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Individual State Agency Fiscal Note

Bill Number: 5814 SB	Title: Cancer drugs coverage	Agency: 107-Washington State Health Care Authority
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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:

Non-zero but indeterminate cost 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: Greg Attanasio	Phone: 360-786-7410	Date: 01/09/2024
Agency Preparation: Molly Christie	Phone: 360-725-5138	Date: 01/12/2024
Agency Approval: Tanya Deuel	Phone: 360-725-0908	Date: 01/12/2024
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/15/2024

Part II: Narrative Explanation

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

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

See attached narratives.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

HBE - See attached narrative.

HCA - None.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

HCA - See attached narrative.

HBE - None.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

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

III. B - Expenditures by Object Or Purpose

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

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

NONE

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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

HCA Fiscal Note

Bill Number: 5814 SB

HCA Request #: 24-037

Title: Cancer Drugs Coverage

Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost 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:

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- 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.

HCA Fiscal Note

Bill Number: 5814 SB

HCA Request #: 24-037

Title: Cancer Drugs Coverage

Part II: Narrative Explanation

II. A - Brief Description of What the Measure Does That Has Fiscal Impact

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

SB 5814 prohibits health plans from requiring trial and failure of a different medication prior to covering a prescription drug used to treat advanced metastatic cancer and associated conditions. The proposed legislation applies to health plans under chapter 48.43 RCW (Insurance Reform), chapter 41.05 RCW (State Health Care Authority), and chapter 74.09 RCW (Medical Care) issued or renewed on or after January 1, 2025.

Section 1 – New Section under chapter 48.43 RCW

Effective January 1, 2025, requires fully insured plans offered by the Public Employees' Benefits Board (PEBB) program and the School Employees' Benefits Board (SEBB) program to:

- (1) Cover prescription drugs used to treat advanced metastatic cancer or an associated medical condition without proof of failure to successfully respond to a different drug or prove history of failure to a different drug.
- (2) Applies to drugs where use is consistent with best practices for the indication, supported by peer-reviewed, evidence-based literature, and is approved by the FDA.
- (3) "Advanced metastatic cancer" means cancer that has spread from the primary or original site of the cancer to nearby tissues, lymph nodes, or other areas or parts of the body. "Associated condition" means the symptoms or side effects associated with advanced metastatic cancer or its treatment and which, in the judgment of the health care practitioner, further jeopardizes the health of a patient if left untreated.

Section 2 – New Section under chapter 41.05 RCW

This section is identical to Section 1 and applies to the self-insured Uniform Medical Plans offered by the PEBB and SEBB programs.

Section 3 – New Section under chapter 74.09 RCW

This section is identical to Section 1 and applies to the Apple Health program.

II. B - Cash Receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

NONE

II. C – Expenditures

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

Public Employees Benefits Board (PEBB) and School Employees Benefits Board (SEBB) Program Impact

The fiscal impact is indeterminate but is expected to be significant.

HCA Fiscal Note

Bill Number: 5814 SB

HCA Request #: 24-037

Title: Cancer Drugs Coverage

The PEBB and SEBB programs expect a significant cost impact if this bill is implemented because it would require health plans to cover high-cost and high-risk drugs without the requirement to attempt first-line cancer treatments identified by nationally accepted clinical guidelines (National Comprehensive Cancer Network, “NCCN”). Additionally, this requirement would apply to a wide range of health conditions associated with advanced metastatic cancer. The bill will impact the State contribution to medical benefits for employees under the PEBB and SEBB programs (Employer Medical Contribution, or EMC).

HCA is unable to identify the specific scope of the cost impact for the following reasons:

- Pharmacy claims do not include diagnostic information, which would be required to identify current spending on prescription drugs used to treat advanced metastatic cancer. Many oncology drugs may be used to treat both metastatic and non-metastatic cancer.
- The definition of “associated condition” is so broad that Health Care Authority (HCA) is unable to identify which drugs would be affected by this provision.
- The bill does not specify whether the requirements only apply to covered drugs (i.e., drugs included on the plan’s formulary), or to *any* prescription drug used to treat advanced metastatic cancer.
- The bill does not specify whether the affected drugs must be FDA-approved for the prescribed indication. Specifically, if the requirement includes health plans covering any drugs, whether for on or off label use, if prescribed to treat advanced metastatic cancer.
- It is not known how this policy would impact provider prescribing behavior.
- It is not known how this policy would impact patients’ disease progression and associated conditions. This bill would prohibit health plans from following NCCN guidelines when one drug is recommended over treatment with another drug. This could result in more detrimental disease progression and increased drug costs.

Health plans may have different interpretations of best practices and support according to peer-reviewed, evidence-based literature and associated conditions. This could result in inconsistencies in implementation and related costs.

Section 1 requires health plans under chapter 48.43 RCW to cover prescription drugs for advanced metastatic cancer and associated conditions without proof of failure to successfully respond to a different drug. This applies to drugs the use of which is supported by peer-reviewed, evidence-based literature and approved by the FDA. Defines advanced metastatic cancer and associated condition.

Section 1 would require compliance by fully insured health plans offered through the PEBB and SEBB programs. Treatment for advanced metastatic cancer, including prescription drugs, is covered by all PEBB and SEBB health plans. However, currently plans rely on step therapy (i.e., requirement to try a different drug that treats the same condition before covering another drug) to ensure clinical safety and cost effectiveness. This proposed legislation would require plans to cover drugs, including high-cost generic and specialty medications, for a wide variety of conditions that may currently require step-through therapy with other first-line treatments that have proven to be safer and/or more effective. Many of these drugs are very high cost and are expected to have a significant impact on plans’ liability. Additionally, step therapy would be prohibited for any drugs used to treat associated conditions, which would mean almost any condition that could be due to the primary cancer diagnosis and would severely limit the plans’ ability to direct members to more cost-effective therapies.

Section 2 applies the same requirements under Section 1 to the self-insured Uniform Medical Plans (UMP) offered by the PEBB and SEBB programs. UMP would be subject to the same impacts as the fully insured plans described

HCA Fiscal Note

Bill Number: 5814 SB

HCA Request #: 24-037

Title: Cancer Drugs Coverage

above, but would result in an indeterminate increase in state cost due to the reasons listed above through increases to the Employer Medical Contributions (EMC) and funding rates in both programs.

Apple Health Impact

The fiscal impact is indeterminate but is expected to be significant.

Section 3 of the bill requires that Apple Health managed care and fee-for-service (FFS) programs are not allowed to require trial and failure of other drugs prior to providing coverage of a drug to treat advanced metastatic cancer or an associated condition.

Treatment for advanced metastatic cancer, including prescription drugs, is currently covered by both programs. However, these programs rely on step therapy to ensure clinical safety and cost effectiveness. The proposed legislation would require coverage of drugs, including high-cost generic and specialty medications, for a wide variety of conditions that may currently require step therapy with other first-line treatments that have proven to be safer and/or more effective. Many of these drugs are very high cost and are expected to have a significant impact on the Apple Health program liability if providers decide to change the course of treatment for cancer. Additionally, step therapy would be prohibited for any drugs used to treat associated conditions, which can potentially lead to a much larger fiscal impact. The proposed policy may prohibit Apple Health from following NCCN guidelines when one drug is recommended for treatment over another drug. The inability to appropriately direct clients to more effective treatment options may lead to more unfavorable disease progression and, as a result, increased costs.

HCA is unable to determine the magnitude of the potential fiscal impact because (i) if and how individual providers would change their current course of treatment or drug prescribing behavior is not known; (ii) if the legislation includes coverage of any drugs when prescribed to treat advanced metastatic cancer, regardless of on or off label use, is unclear; (iii) the additional cost associated with potential changes in treatment choices is unknown; and (iv) an implementable definition for the conditions associated with advanced metastatic cancer is currently unavailable.

Part III: Expenditure Detail

III. A - Operating Budget Expenditure

See Section II, above.

HCA Fiscal Note

Bill Number: 5814 SB

HCA Request #: 24-037

Title: Cancer Drugs Coverage

III. B - Expenditures by Object or Purpose

See Section II, above.

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

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: Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

NONE

HBE Fiscal Note

Bill Number: 5814 SB

HBE Request #: 24-05-01

Part II: Narrative Explanation

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

This bill would that requires that health plans issued or renewed on or after January 1, 2025 that provides coverage for advanced metastatic cancer and associated conditions may not require, before the health carrier provides coverage of a prescription drug for the treatment of advanced metastatic cancer or an associated condition, that the enrollee fail to successfully respond to a different drug or prove a history of failure of a different drug.

II. B - Cash Receipts Impact

Indeterminate. New mandated benefits typically increase premiums, but the expected premium increase amount attributable to just this new benefit is unknown at this time.

II. C - Expenditures

No fiscal impact, changes that require inclusion of this health care benefit in qualified health plans offered in the Exchange marketplace are not expected to require significant operational or Healthplanfinder system changes.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 5814 SB	Title: Cancer drugs coverage	Agency: 160-Office of Insurance Commissioner
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.2	0.1	0.1	0.1
Account					
Insurance Commissioners Regulatory Account-State 138-1	0	32,196	32,196	17,530	17,530
Total \$	0	32,196	32,196	17,530	17,530

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:

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- 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: Greg Attanasio	Phone: 360-786-7410	Date: 01/09/2024
Agency Preparation: Joyce Brake	Phone: 360-725-7041	Date: 01/10/2024
Agency Approval: Stacey Warick	Phone: 360-725-7030	Date: 01/10/2024
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/15/2024

Part II: Narrative Explanation

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

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

Section 1(1) prohibits carriers with health plans issued or renewed on or after January 1, 2025, to require that an enrollee fail to successfully respond to a different drug or prove the failure of a different drug before providing coverage of a prescription drug for the treatment of advanced metastatic cancer or associated conditions.

Section 1(2) limits this coverage requirement to drugs that are FDA-approved, consistent with best practices, and supported by peer-reviewed, evidence-based literature.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Section 1(1) prohibits carriers with health plans issued or renewed on or after January 1, 2025, to require that an enrollee fail to successfully respond to a different drug or prove the failure of a different drug before providing coverage of a prescription drug for the treatment of advanced metastatic cancer or associated conditions.

Section 1(2) limits this coverage requirement to drugs that are FDA-approved, consistent with best practices, and supported by peer-reviewed, evidence-based literature.

Section 1 will require additional review of health plan form filings to ensure compliance with the requirements, coverage limitations, and definitions within the bill. The Office of Insurance Commissioner (OIC) will require one-time costs, in FY2025, of 25 hours of a Functional Program Analyst 4 to update filing review standards, update checklists and speed-to-market tools, train staff, and educate issuers. The OIC receives approximately 502 health plan form filings each year and assumes, due to carriers interpreting the bill's broad reach differently than the OIC interprets and implements, it will lead to an increase in objections and extend the filing review time to an additional 30 minutes of review per form filing in FY2025 and an additional 5 minutes of review per form filing in FY2026 and thereafter requiring 251 hours (502 form filings x 30 minutes) in FY2025 and 42 hours (502 form filings x 5 minutes) in FY2026 and thereafter of a Functional Program Analyst 3.

The provisions in Section 1 will also lead to an increase in enforcement actions, including the potential for enforcement in situations in which a carrier does not comply with the requirements, coverage limitations, and definitions within the bill. OIC anticipates an average of an additional 1 enforcement case per year to address compliance issues. For purposes of this fiscal note, it is assumed that enforcement actions will require the equivalent of approximately 40 hours per case requiring 40 hours (1 case x 40 hours) per year of an Insurance Attorney beginning in FY2025. In addition, OIC anticipates one-time costs, in FY2025, of 40 hours of an Insurance Attorney to provide advice related to this statutory change and its reconciliation with existing statutes and regulations.

Ongoing Costs:

Salary, benefits and associated costs for .03 FTE Functional Program Analyst 3 and .03 FTE Insurance Attorney.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
138-1	Insurance Commissioners Regulatory Account	State	0	32,196	32,196	17,530	17,530
Total \$			0	32,196	32,196	17,530	17,530

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.2	0.1	0.1	0.1
A-Salaries and Wages		19,072	19,072	10,448	10,448
B-Employee Benefits		6,685	6,685	3,576	3,576
C-Professional Service Contracts					
E-Goods and Other Services		6,439	6,439	3,506	3,506
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	32,196	32,196	17,530	17,530

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 2024	FY 2025	2023-25	2025-27	2027-29
Functional Program Analyst 3	78,468		0.2	0.1	0.0	0.0
Functional Program Analyst 4	86,712		0.0	0.0		
Insurance Attorney	95,652		0.1	0.0	0.0	0.0
Total FTEs			0.2	0.1	0.1	0.1

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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.