

Individual State Agency Fiscal Note

Bill Number: 5776 S SB	Title: Insulin emergency supply	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:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	1.0	0.5	1.0	1.0
Account					
General Fund-State 001-1	0	807,000	807,000	414,000	414,000
Total \$	0	807,000	807,000	414,000	414,000

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.

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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.

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.

See attached.

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.

See attached.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	807,000	807,000	414,000	414,000
Total \$			0	807,000	807,000	414,000	414,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		1.0	0.5	1.0	1.0
A-Salaries and Wages		123,000	123,000	246,000	246,000
B-Employee Benefits		37,000	37,000	74,000	74,000
C-Professional Service Contracts		600,000	600,000		
E-Goods and Other Services		10,000	10,000	20,000	20,000
G-Travel		2,000	2,000	4,000	4,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		35,000	35,000	70,000	70,000
9-					
Total \$	0	807,000	807,000	414,000	414,000

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
Washington Management Services Band 2	123,000		1.0	0.5	1.0	1.0
Total FTEs			1.0	0.5	1.0	1.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
HCA - OTHER (200)		807,000	807,000	414,000	414,000
Total \$		807,000	807,000	414,000	414,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

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.

See attached.

HCA Fiscal Note

Bill Number: 5776 SSB

HCA Request #: 24-105

Title: Insulin Emergency Supply

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-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
FTE Staff Years	1.0	1.0	1.0	1.0	1.0	0.5	1.0	1.0
ACCOUNT								
General Fund-State 001-1	807,000	207,000	207,000	207,000	207,000	807,000	414,000	414,000
ACCOUNT - TOTAL \$	\$ 807,000	\$ 207,000	\$ 207,000	\$ 207,000	\$ 207,000	\$ 807,000	\$ 414,000	\$ 414,000

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.

HCA Fiscal Note

Bill Number: 5776 SSB

HCA Request #: 24-105

Title: Insulin Emergency Supply

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.

This is the second version of the bill. Sec. 2. This version:

- Requires the Health Care Authority (HCA) to establish an emergency insulin program (EIP) under the prescription drug purchasing consortium (consortium).
- Defines the EIP billing and reimbursement process between network pharmacies, manufacturers, and the consortium.

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Sec 2(1) states that HCA shall establish an EIP under the consortium (RCW 70.14.060) to allow eligible individuals to access one emergency 30-day supply of insulin within a 12-month period with a maximum cost-share of \$10.

Sec 2(2) requires that eligible individual must:

- Be a resident of WA;
- Not be enrolled in Apple Health or in prescription drug coverage with a 30-day supply cost-share of \$35;
- Have a valid prescription for insulin; and
- Have less than a 7-day supply of insulin available.

Sec 2(3) says HCA must develop a process to permit individuals to attest to meeting the eligibility requirements of Sec 2(2).

Sec 2(4) states that, upon meeting the eligibility requirements, an individual will be provided an electronic voucher to be utilized at a network pharmacy for a 30-day supply of insulin.

Sec 2(5) states that network pharmacies may collect a dispensing fee of up to \$10 for each 30-day supply dispensed; pharmacies must submit a claim to the consortium; the consortium will invoice insulin manufacturers quarterly; and that manufacturers shall remit payment to the consortium within 30 days of receiving the invoice.

Sec 2(7) gives HCA the authority to assess fines for up to \$10,000 for each failure of a manufacturer to comply with Sec 2(6)(c). The fines under this section are subject to review under the administrative procedure act (RCW 34.05). Fines under this section must be deposited into the state health care affordability account (RCW 43.71.130).

Sec 2(8) requires HCA to make available on its website, at the same location as the EIP, information regarding manufacturer patient assistance programs that allow patients to receive insulin at reduced or no cost.

Sec 3 allows HCA rulemaking authority for implementing this act.

HCA Fiscal Note

Bill Number: 5776 SSB

HCA Request #: 24-105

Title: Insulin Emergency Supply

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.

HCA has identified cash receipts as indeterminate at this time. It is unknown if HCA would assess any fines or the amount of the fine per Sec. 2(7).

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.

Administrative Cost Impact

HCA will require \$807,000 in fiscal year (FY) 2025 and then \$207,000 per year thereafter. HCA will also require 1.0 full-time-equivalent staffing (FTE) starting in FY 2025 and each year thereafter.

Clinical Quality and Care Transformation (CQCT) Pharmacy:

CQCT will need to establish the EIP offered to all qualifying residents of Washington. Pharmacy will oversee the management of this program under contract with the prescription drug purchasing consortium (ArrayRx). This includes:

- Creating rules for the implementation and management of the EIP;
- Designing the process for which patients attest they meet eligibility;
- Developing an application process for WA residents to obtain a voucher for emergency insulin based on the eligibility criteria outlined in the bill; and
- Managing enforcement of the requirements of the bill, including assessing and collecting fines from manufacturers for non-compliance.

Pharmacy needs a 1.0 Washington Management Services Band 2 to act as program manager to oversee this new program. This work will include:

- Representing the EIP within HCA and to external stakeholders;
- Managing the voucher program contract with ArrayRx;
- Leading rulemaking for EIP at HCA; and
- Overseeing manufacturer compliance and handling enforcement related issues, including presenting at hearings, collecting fines, and ensuring resolution of manufacturer issues.

FTE costs are calculated at \$207,000 per FY and include goods and services, travel, and equipment that are calculated on actual program averages per FTE. Administrative costs are calculated at \$35,000 per 1.0 FTE. This cost is included in Object T based on HCA's federally approved cost allocation plan.

HCA will require a one-time funding of \$600,000 in FY 2025 to contract out for the following services:

- Data sharing, data collection, and an electronic application/approval process.
- Intake of complaints by pharmacies and clients.
- Compliance auditing and monitoring process to identify patterns of noncompliance, which would require regular analytics and reporting.

HCA Fiscal Note

Bill Number: 5776 SSB

HCA Request #: 24-105

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

No fiscal impact.

According to Section 2(2)(b) of this bill, individuals enrolled in prescription drug coverage which limits cost sharing for a 30-day supply of insulin to \$35 or less are ineligible for the proposed emergency insulin program. Since HCA's PEBB and SEBB programs limit all insulin cost sharing to \$35, this bill has no fiscal impact for these programs.

Apple Health Service-related Impact

No fiscal impact.

This bill requires HCA to establish an emergency insulin program under the prescription drug purchasing consortium beginning January 1, 2025. While HCA is required to set up the application process, monitor compliance, and assess and collect fines as needed, the billing and reimbursement process of the proposed program is to be handled by the consortium. This bill, therefore, is not expected to result in additional service-related expenditures for the Apple Health program.

Part III: Expenditure Detail

III. A - Operating Budget Expenditure

ACCOUNT	ACCOUNT TITLE	TYPE	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
001-1	General Fund	State	807,000	207,000	207,000	207,000	207,000	807,000	414,000	414,000
ACCOUNT - TOTAL \$			\$ 807,000	\$ 207,000	\$ 207,000	\$ 207,000	\$ 207,000	\$ 807,000	\$ 414,000	\$ 414,000

III. B - Expenditures by Object Or Purpose

OBJECT	OBJECT TITLE	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
A	Salaries and Wages	123,000	123,000	123,000	123,000	123,000	123,000	246,000	246,000
B	Employee Benefits	37,000	37,000	37,000	37,000	37,000	37,000	74,000	74,000
C	Professional Service Contracts	600,000	-	-	-	-	600,000	-	-
E	Goods and Other Services	10,000	10,000	10,000	10,000	10,000	10,000	20,000	20,000
G	Travel	2,000	2,000	2,000	2,000	2,000	2,000	4,000	4,000
T	Intra-Agency Reimbursements	35,000	35,000	35,000	35,000	35,000	35,000	70,000	70,000
OBJECT - TOTAL \$		\$ 807,000	\$ 207,000	\$ 207,000	\$ 207,000	\$ 207,000	\$ 807,000	\$ 414,000	\$ 414,000

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

FTE JOB TITLE	SALARY	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
WMS BAND 02	123,000	1.0	1.0	1.0	1.0	1.0	0.5	1.0	1.0
ANNUAL SALARY & FTE - TOTAL		\$ 123,000	1.0	1.0	1.0	1.0	0.5	1.0	1.0

III. D - Expenditures By Program (optional)

PROGRAM	PROGRAM TITLE	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
200	200 - HCA - Other	807,000	207,000	207,000	207,000	207,000	807,000	414,000	414,000
PROGRAM - TOTAL \$		\$ 807,000	\$ 207,000	\$ 207,000	\$ 207,000	\$ 207,000	\$ 807,000	\$ 414,000	\$ 414,000

HCA Fiscal Note

Bill Number: 5776 SSB

HCA Request #: 24-105

Title: Insulin Emergency Supply

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 will need to create rules for the implementation and management of the EIP per section 3.