Washington State Health Care Authority

Report to the Legislature

Total Cost of Insulin Work Group

Preliminary report

Substitute House Bill 1728; Section 1(4); Chapter 205; Laws of 2022

December 1, 2022

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Executive summary

The Washington State Health Care Authority (HCA) is convening the Total Cost of Insulin Work Group as directed by Substitute House Bill (SHB) 1728 (2022), and submitting this report as required in Section 1(4):

"By December 1, 2022, the work group must submit a preliminary report detailing strategies to reduce the cost of and total expenditures on insulin for patients, health carriers, payers, and the state. The work group must submit a final report by July 1, 2023, to the governor and the legislature. The final report must include any statutory changes necessary to implement the strategies."

This preliminary legislative report details the work HCA has performed in meeting the requirements of reviewing and designing strategies to:

- Reduce the cost of and total expenditures on insulin in this state; and
- Provide a once yearly 30-day supply of insulin to individuals on an emergency basis.

To support this Work Group, HCA has contracted with the Center for Evidence-based Policy (Center) at Oregon Health & Science University (OHSU) to provide assistance with policy review, support for the management of Work Group input, meeting development and facilitation, and to develop options related to this legislation. At the time of this report's submission, HCA has convened the first three meetings of the Total Cost of Insulin Work Group. Due to the time needed to properly summarize and edit meeting and survey input, this report only covers the key themes of the first two surveys and the first Work Group meeting. HCA continues to receive input from Work Group members about strategies around the affordability and access of insulin. This work builds off prior efforts around Engrossed Substitute Senate Bill (ESSB) 5203 (2021), which directs HCA to establish partnerships to produce, distribute, or purchase insulin and generic prescription drugs.

This preliminary report provides a summary of key themes from the first Work Group meeting, the results of Work Group surveys, and a roadmap for topics to be covered in future Work Group meetings. A final report is due from HCA by July 1, 2023.

Background

Many Washingtonians living with diabetes depend on daily use of insulin. Without the proper amount of insulin, patients are at higher risk for complications, such as kidney failure, blindness, amputations, and they may fall into a diabetic coma due to dehydration from elevated blood glucose levels. Without emergency care, diabetic comas can be fatal. Insulin is an integral medication to the health and well-being of Washingtonians living with diabetes and many find it inaccessible or unaffordable due to its high list price or high cost-shares from their health insurance.

The Washington State Legislature has addressed insulin access and affordability by passing Engrossed Second Substitute House Bill 2662 and Engrossed Second Substitute Senate Bill 6087 in 2020 and Substitute Senate Bill 5546 in 2022. Both bills addressed the cost of insulin by capping the out-of-pocket costs of a 30-day supply of insulin to a maximum of $100 effective in 2021 and maximum of $35 effective in 2023 for people with approved insurance plans. Additionally, the legislature intends to review, consider, and pursue several strategies with the goal of reducing the total cost of insulin beyond just what patients pay for insulin at their pharmacies.

To continue to address the issue of insulin affordability, the 67th Washington State Legislature passed Substitute House Bill (SHB) 1728, and the law became effective on June 9, 2022. This bill directs HCA to accomplish several tasks with a focus on addressing insulin access and affordability in the state. The first step is for HCA to create a Total Cost of Insulin Work Group as described in statute. HCA will secure input from this Work Group about strategies to reduce the cost of, and total expenditure on, insulin and provide a 30-day supply of insulin to individuals on an emergency basis.

HCA contracted with the Center for Evidence-based Policy (Center) at Oregon Health & Science University (OHSU) to support HCA with research assistance, facilitating surveys for Work Group members, and helping prepare materials for meetings. HCA had previously worked with the Center on Engrossed Substitute Senate Bill (ESSB) 5203 (2021) for exploring options around establishing partnerships to produce, distribute, or purchase insulin. Some of the strategies researched during that work were brought forward as considerations for this Work Group, in the form of survey questions or topics discussed at Work Group meetings.

HCA worked closely with the Governor's office to identify and recruit stakeholders from agencies, organizations, and the public to participate in this Work Group. A list of Work Group members can be found in Appendix A.

Work Group progress

As of the publication of this report, HCA has convened three meetings for the Total Cost of Insulin Work Group. HCA plans to hold two more meetings in December 2022 and March 2023. A roadmap for these meetings and their topics can be found below in Table 1.

Table 1. Work Group meeting schedule and topics

Meeting	Date	Topics
Total Cost of Insulin Work Group #1	July 8, 2022	• Review legislation and workplan • Review insulin cost analysis • Solicit Work Group feedback about topics to be covered • Overview and discussion of Survey #1
Total Cost of Insulin Work Group #2	August 25, 2022	• Review existing Washington capacities including, but not limited to, the ArrayRx discount card program • Review the pros and cons of state approaches • Overview and discussion of Survey #2
Total Cost of Insulin Work Group #3	October 27, 2022	• HCA to review emergency supply program options and discuss considerations for eligibility criteria, patient access, program monitoring, and pharmacy reimbursement

Total Cost of Insulin Work Group #4	December 6, 2022	• Follow-on discussion and presentations regarding:
		  ○ Emergency supply program options and considerations
		  ○ Strategies to reduce the cost and expenditures
		• Discussion of draft recommendations

Total Cost of Insulin Work Group #5	March 16, 2023	• Review and finalize recommendations • Work Group input and public testimony

In advance of the first Work Group meeting (July 2022), the Center surveyed Work Group members on the importance of factors impacting total cost of insulin and approaches to reducing these costs and providing an emergency supply of insulin. This survey helped provide guidance on how to structure the discussions at the first meeting.

Findings

Survey #1 results

Thirteen of 16 Work Group members responded to Survey #1. Regarding factors preventing patients from accessing affordable insulin, Work Group members consistently cited:

- High list prices
- Patient out of pocket costs (e.g., copays, deductibles, coinsurance)
- Lack of market competition
- Lack of transparency in the supply chain

Work Group members were interested in learning about and potentially adopting approaches taken in other states. These approaches include:

- Minnesota's Alec Smith Emergency Insulin Act, allowing the uninsured to access a 30-day emergency supply.
- Ohio's Kevin's Law, expanding emergency dispensing authorization in Ohio up to a 30-day supply for all noncontrolled medications.
- Connecticut's copayment caps, capping insulin at $25 for a 30-day supply, and insulin-related supplies, such as test strips, Blood Glucose Meters (BGM), and Continuous Glucose Monitors (CGM), are capped at $100 per month. Other glucose-lowering medications are capped at $25 per month.
- Multi-state compacts on insulin affordability in California and Maine, allowing for multi-state compacts to address insulin affordability.
- Texas's legislation protecting community pharmacies and ensuring patient choice by prohibiting Pharmacy Benefits Managers (PBM) from steering patients to pharmacies they own.
- Utah's insulin savings program, allowing Utah residents to purchase insulin at the discounted rate available to members of the Public Employees Health Plan (PEHP).

Additional approaches included partnering with other purchasers, negotiating better manufacturer pricing, limiting options on formularies for manufacturers that increase wholesale acquisition cost (WAC) above a certain threshold and promoting transparency in the supply chain. Work Group participants underscored the importance of keeping the patient group (e.g., uninsured, underinsured, and insured) at the center of policy development, while understanding that total cost of insulin includes more than patient out of pocket costs.

Summary of meeting #1

At the first Work Group Meeting in July 2022, Work Group members emphasized specific areas of interest and future development. One area of discussion was how to focus on a specific patient population (e.g., insured, uninsured, underinsured), how to prioritize population-based access. Other topics discussed included the total cost of care, emergency supply, and the need to create a stepwise roadmap for short and long-term actions.

Regarding the total cost of care, Work Group members discussed the total of cost of insulin to all parties, such as patient out of pocket costs and payer costs, and how the full cost should include diabetic supplies, such as syringes, needles, alcohol swabs, and sharps containers.

Regarding the emergency supplies, Work Group members discussed expanding the recommendation to 90 days instead of 30 days.

Survey #2 results

Thirteen of 16 Work Group members responded to Survey #2 prior to Work Group meeting #2. Work Group members showed a high preference for prioritizing uninsured populations; however, all populations were ranked similarly in terms of importance. Participants noted that those who are uninsured are the most vulnerable and underscored the importance of mitigating patient costs to the fullest extent possible. Other participants noted that the commercially insured and the uninsured can represent the same people at different times in their lives.

> Participants ranked the Minnesota Alec Smith Insulin Affordability Act and the 30-day emergency supply proposal highly in terms of importance. Many noted that a 30-day emergency supply does not constitute a long-term solution for Washingtonians with chronic access problems and that insulin supplies (e.g., syringes, pen needles) should be included in such a program.

Work Group participants prioritized collaborating with other states over exploring access to state-negotiated prices through ArrayRx, although they ranked the latter as a high priority proposal. Participants noted that both proposals may be effective long-term solutions, but that more information is needed regarding the time and effort required to implement these proposals.

Conclusion

This preliminary report provides a summary of the progress achieved by HCA in its goal of convening a Work Group to review and develop strategies that address the total cost of insulin and emergency supplies for patients in need. This preliminary report covers the key themes of surveys and the first meeting to demonstrate the current focus of the Work Group and how they may recommend strategies on insulin access and affordability in Washington. HCA continues to work with the Work Group developing viable recommendations for the legislature to consider in the final report.

Appendix A – Work Group members

Work Group Members	Staff
Donna Sullivan – Chief Pharmacy Officer, HCA	Nonye Connor – Project Manager, HCA
Mary Fliss – Deputy, Clinical Strategy and Operations, HCA	Leta Evaskus - ArrayRx Operations Manager, HCA
Barbara Hewitt Jones – Office of the Insurance Commissioner	Amy Irwin - Pharmacy Unit Manager, HCA
William Hayes – Dept of Corrections	Ryan Pistoresi - Assistant Chief Pharmacy Officer, HCA
Lumi Nodit – Office of Attorney General	Hayley De Carolis – Center for Evidence-based Policy
Dan Gossett – School Employees Benefit Board	Brittany Lazur – Center for Evidence-based Policy
Kat Kahachatourian – Pharmacy Quality Assurance Commission	Véronique Johnstone – Center for Evidence-based Policy
Chris Bandoli – Association of Washington Health Plans	Susan Stuard – Center for Evidence-based Policy
Kevin Wren – Washington #insulin4all	Mike Bonetto – Center for Evidence-based Policy
Jenny Arnold – Washington Pharmacy Association	Dan Vizzini – Center for Evidence-based Policy
Leah Lindahl – Healthcare Distribution Alliance	
LuGina Mendez-Harper – PCMA	
Lori Evans – Public member	
Laura Keller – Public member	
Amber Markland – Public member	
Jennifer Perkins – Public member	

Appendix B – Work Group surveys

Washington Insulin Group (WAIG) Stakeholder Survey #1

In its 2022 session, the Washington Legislature passed HB 1728 which directs the Health Care Authority (HCA) to create a total cost of insulin work group and secure input from this work group about strategies to reduce the cost of, and total expenditure on, insulin and provide a 30-day supply of insulin to individuals on an emergency basis.

This survey is intended to collect initial thoughts from Work group members regarding the barriers and opportunities for new purchasing and distribution approaches to control cost and ensure access to insulin.

Q0: Please select your identified stakeholder group: *[Drop down]*

- insurance commissioner or designee
- prescription drug purchasing consortium
- pharmacy quality assurance commission
- association representing independent pharmacies
- association representing health carriers
- public employees' benefits board or the school employees' benefits board
- health care authority
- association representing pharmacy benefit managers
- drug distributor or wholesaler that distributes or sells insulin in the state
- state agency that purchases health care services and drugs for a selected population
- attorney general's office with expertise in prescription drug purchasing
- organization representing diabetes patients who is living with diabetes
- member of the public living with diabetes

Q1: What do you think are the primary reasons patients do not have access to affordable insulin? *[Check box]*

Q2: Using a scale of 1 – 10 with 1 being the most important and 10 being the least how would you rank the following as an issue to affordable insulin?

- Supply shortages
- Patient out-of-pocket costs (i.e., co-pay, deductible)
- High list prices set by drug manufacturers
- Lack of transparency throughout the insulin supply chain
- Challenges working with health plan (e.g., pharmacy benefit manager, group purchasing organization, distributor)

Q3: What strategies should HCA consider to reduce the cost of insulin and total expenditures for patients? *[Open-ended]*

Q4: How would you rank the following strategies to reduce the cost of insulin and total expenditure for patients? Please drag and drop to rank in order of priority from highest favorability (1) to least favorability (3). Note: if you'd like to keep this list in its current order, please click at least one of the options and move it in place to activate the question and ensure your response is recorded. *[Rank order]*

- A state agency buys drugs for resale and distribution (e.g., a licensed drug wholesaler)
- A state agency manages prescription drug benefits on behalf of health insurers, large employers, and other payers (e.g., a registered pharmacy benefit manager)

A state agency purchases prescription drugs on behalf of the state directly from other states or in coordination with other states

Q5: What do you see as the biggest barriers to the HCA entering into partnership with other entities (e.g., insulin manufacturer, pharmacy benefit manager) to distribute or purchase insulin? *[Open-ended]*

Q6: What are your recommendations to overcome the barriers that you've identified above? *[Open-ended]*

Q7: What do you see as the biggest barriers to the HCA providing a once yearly 30-day supply of insulin to individuals on an emergency basis?

[Open-ended]

Q8: What are your recommendations to overcome the barriers that you've identified above? *[Open-ended]*

You have reached the end of the survey. Please submit your results by clicking the arrow below. Results of this survey will be presented at the first Insulin Work group meeting scheduled for Friday, July 8 from 10 am - 1 pm.

Washington Insulin Group (WAIG) Stakeholder Survey #2

(1) Intro/Background

In the 2022 session, the Washington Legislature passed HB 1728, which directs the Health Care Authority (HCA) to create a total cost of insulin work group and secure input from this work group about strategies to reduce the cost of, and total expenditure on, insulin and provide a 30-day supply of insulin to individuals on an emergency basis.

HB 1728 Legislation Link

(1.1): Please select your identified stakeholder group: [Drop down]

- insurance commissioner or designee
- prescription drug purchasing consortium
- pharmacy quality assurance commission
- association representing independent pharmacies
- association representing health carriers
- public employees' benefits board or the school employees' benefits board
- health care authority
- association representing pharmacy benefit managers
- drug distributor or wholesaler that distributes or sells insulin in the state
- state agency that purchases health care services and drugs for a selected population
- attorney general's office with expertise in prescription drug purchasing
- organization representing patients living with diabetes
- member of the public living with diabetes

(2) Feedback on Priority Issues

This section of the survey is intended to gauge support and interest for prioritizing key issues raised during work group meeting 1 on July 8, 2022. This work group's scope is defined in state statute RCW 70.14.160. The work group is directed to do the following:

- Review and design strategies to:
  - "Reduce the cost of and total expenditures on insulin in this state"
  - "Provide a once yearly 30-day supply of insulin to individuals on an emergency basis"

Population Prioritization

(2.1) On a scale of 1-5 (with 5 being Strongly Support), how strongly would you support focusing on the uninsured population first: [1, 2, 3, 4, 5]

(2.2) On a scale of 1-5 (with 5 being Strongly Support), how strongly would you support focusing on those with commercial insurance first: [1, 2, 3, 4, 5]

(2.3) How would you rank the two populations in order of priority? Please drag and drop to rank in order of priority from highest priority (1) to lowest priority (2):

- Uninsured

- Commercially Insured

(2.4) What, if any, feedback do you have for the work group to consider around focus areas on different patient populations? [Open Question]

Emergency Supplies

(2.5) On a scale of 1-5 (with 5 being Strongly Support), how strongly would you support continuing to discuss a recommendation for Washington to consider legislation replicating Minnesota's Alec Smith Insulin Affordability Act *(eligible individuals in urgent need of insulin can go to their pharmacy once in a 12-month period and receive a one-time, 30-day supply of insulin for a $35 co-pay)*: [1, 2, 3, 4, 5]

(2.6) On a scale of 1-5 (with 5 being Strongly Support), how strongly would you support continuing to discuss a recommendation for the state to consider a policy providing emergency supply of insulin beyond 30 days (i.e., 90 days): [1, 2, 3, 4, 5]

(2.7) How would you rank these two policy options in order of priority? Please drag and drop to rank in order of priority from highest priority (1) to lowest priority (2):

- Minnesota's Alec Smith Insulin Affordability Act

- Providing emergency supply of insulin beyond 30 days

(2.8) What, if any, feedback do you have for the work group to consider around emergency supply access? [Open Question]

Access to state-negotiated price

(2.9) On a scale of 1-5 (with 5 being Strongly Support), how strongly would you support the work group exploring options to provide access to state-negotiated insulin prices through the ArrayRx Solutions for all Washington residents (e.g., uninsured, underinsured, privately-insured): [1, 2, 3, 4, 5]

(2.10) On a scale of 1-5 (with 5 being Strongly Support), how strongly would you support further evaluating a recommendation for Washington to collaborate with other state or non-profit insulin programs (i.e., Utah, California, and non-profit manufacturers): [1, 2, 3, 4, 5]

(2.11) How would you rank these two policy options in order of priority? Please drag and drop to rank in order of priority from highest priority (1) to lowest priority (2):

- Access to state-negotiated insulin prices through the ArrayRx Solutions for all Washington residents

- Collaborate with other state or non-profit insulin programs

(2.12) What, if any, feedback do you have for the work group to consider around potentially expanding access to state-negotiated insulin prices or state partnerships?

[Open Question]

Data Transparency

(2.13) On a scale of 1-5 (with 5 being Strongly Support), how strongly would you support the work group exploring data transparency efforts related to the price of prescription drugs (i.e., Medicare Advantage Direct Remediation Reporting (DIR) or Washington State Drug Price Transparency): [1, 2, 3, 4, 5]

(2.14) What, if any, feedback do you have for the work group to consider around drug pricing data transparency efforts [Open Question]

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(3) Wrap-Up

Any additional feedback you wish to provide? [Open Question]