

HB 207, INSULIN ACCESS AMENDMENTS, (Thurston, N)

Anticipated Fiscal Impact:

\$730,642 per year

Summary:

HB 207 would allow expanded prescribing of insulin by pharmacists and nurses, cap the out of pocket cost for insulin at \$30 for health benefit plans beginning on or after January 1, 2021, and reduce the out of pocket cost for insulin to the lowest cost sharing tier for state employees, and instructs PEHP to create a discount program available to public employees.

PEHP currently covers insulin at the second lowest cost sharing tier and operates a diabetes savings program that provides insulin before the deductible at the lowest cost sharing tier for those who participate, including those on the STAR HSA Plan. HB 207 requires coverage of insulin at the lowest cost sharing tier as a regular benefit.

Payment of insulin at the lowest cost sharing tier would cost an estimated \$534,322 per year.

PEHP does not currently offer a discount program for insulin for public employees who are not covered by PEHP. The cost to create and operate a program is approximately \$196,920.

PEHP would incur modest implementation and administrative costs of about \$18,000 in amending contracts, establishing payment methodology, creating and mailing discount cards, and reporting results to the Legislature. These activities would be done within existing budgets.

Assumptions & Analysis:

1. **Insulin claims will adjudicate at the lowest benefit tier.** We obtained utilization for calendar year 2019 for all covered insulin claims and evaluated the

cost to change from the second lowest benefit tier to the lowest benefit tier. We further assumed that current benefit structures of one copayment for a 30-day supply and two copayments for a 90-day supply would continue. Results for 90 and 30-day claims are listed below:

Cost to transition insulin claims to the lowest cost sharing tier				
Claim Type	Claim Count	Current Member Cost (Tier 2)	Cost at the lowest cost sharing tier (Tier 1)	Difference
Mail	184	\$36,494	\$3,680	\$32,814
Retail	8,652	\$588,028	\$86,520	\$501,508
Total	8,836	\$624,522	\$90,200	\$534,322

- PEHP will establish a discount program for the purchase of insulin.** The discount program allows public employees who use insulin to treat diabetes to access discounts through a program established by PEHP. We assumed that PEHP will use existing rates, existing contracts, and make a card available to participants. There is an administrative cost to create a template for new cards of \$500 and a cost of \$0.82 per card to create and mail. Assuming 1,000 public employees enroll, the cost to create the program and provide the card is \$1,320. We also assume that this program can be operational by July 1, 2020, that enrollment will decrease over time as out of pocket costs are decreased to \$30. We assume these claims will adjudicate using existing PEHP contracts and discounts. Existing contracts have a delay in rebate delivery and we assumed an average delay of 5.5 months for each discount claim. We assumed 1,000 users filled one prescription per month, average units per prescription are two, and rebate value of \$520 per prescription. Assuming 7% interest, the cost to pay the pharmacy the value of the rebate pending receipt from the manufacturer is \$195,000 per year. The total savings from the program for participating public employees would be approximately \$6.2M.