

2003 DRAFTING REQUEST

Bill

Received: 01/29/2003

Received By: dkennedy

Wanted: As time permits

Identical to LRB:

For: Administration-Budget 266-3420

By/Representing: Johnston

This file may be shown to any legislator: NO

Drafter: rchampag

May Contact:

Addl. Drafters:

Subject: Health - miscellaneous

Extra Copies: RAC, PJK, RLR

Submit via email: YES

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Johnston -

Topic:

Purchasing pool for pharmacy benefits

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			S&L
/P1	dkennedy 01/30/2003	wjackson 01/30/2003	chaskett 01/30/2003	_____	amentkow 01/30/2003		S&L
/P2	dkennedy 02/07/2003	wjackson 02/07/2003	rschluet 02/07/2003	_____	amentkow 02/07/2003		S&L

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

/P3	dkennedy 02/07/2003	wjackson 02/07/2003	jfrantze 02/07/2003	_____	amentkow 02/07/2003		
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FE Sent For:

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2/2/7 *Self*
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13WJ217

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/p2 WLj 2/7

[Handwritten signatures and initials]
2-7-3

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1/?	dkennedy	/PI WLj 1/30	PI cph 1/30	cph/jf 1/30			

FE Sent For:

<END>



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

JIM DOYLE
GOVERNOR

MARC J. MAROTTA
SECRETARY

Division of Executive Budget and Finance
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1736
Fax (608) 267-0372
TTY (608) 267-9629

Date: January 23, 2003

To: Steve Miller, LRB

From: Jim Johnston, DOA
266-3420

BB 0422

Subject: Biennial Budget Request Statutory Language Draft - Government Health Insurance Pools

Please draft the language to create the program requirements and accomplish the goals listed below:

LOCAL GOVERNMENT/SCHOOL DISTRICT POOL

1. Require state government, all local units of government, all school districts, all vocational/technical college districts, and all specialized governmental units (e.g., MMSD), which provide health insurance coverage, to purchase health insurance coverage for their active employees, their spouses, and dependents through a cost effective health insurance purchasing pool. The requirement would begin January 1, 2005, or at the expiration of an existing collective bargaining agreement, if the agreement ends after January 1, 2005.

Definition and Plan criteria:

2. A cost effective health insurance purchasing pool is defined as an organization that the Secretary of Administration has determined to be an organization that purchases health insurance on behalf of a pooled group of active government employees, their spouses, and dependents, based on meeting the following criteria:

A. Includes at least 10,000 employees as of January 1, 2005, and has demonstrated continuous growth toward covering 50,000 employees by of January 1, 2010.

B. Requires each governmental employer to contribute at least 80% of the cost of the high-quality, adequately-sized health care plans or provider groups, including primary physicians, specialist physicians, and hospitals, that have designated by the pool, based on bids or proposals submitted to the pool, as

providing, on a risk-adjusted basis, the lowest-cost (Tier #1) health care services to pooled governmental employees, spouses, and dependents who reside in the region that the plans or provider groups serve;

- C. Allows employees, on behalf of themselves and their spouses and dependents, to choose to receive health care service from either the lowest-cost (Tier#1) health care plans or provider groups designated under B, higher-cost (Tier #2) health care plans or provider groups, or (if available) even higher-cost (Tier #3) health care plans or provider groups, provided that the employees pay out-of-pocket for the additional cost, as determined by the pool, of utilizing the higher-cost health care plans or provider groups.
- D. Allows employees, on behalf of themselves and their spouses and dependents, to alter their choice of health care plans or provider groups at least once each year.

Pharmacy Purchasing Strategies

In addition, require all governments to participate in an evidence-based prescription drug purchasing program that:

- A. Uses the same formulary;
- B. Has a tiered prescription drug pricing structure that requires covered persons to pay out-of-pocket for the cost of higher-cost drugs;

Kennedy, Debora

From: Johnston, James
Sent: Wednesday, January 29, 2003 9:00 PM
To: Kennedy, Debora
Cc: Riemer, David
Subject: Pharmacy Pooling

Debora,

Please replace this language:

"evidence-based prescription drug purchasing program that:

A. Uses the same formulary;

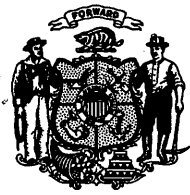
B. Has a tiered prescription drug pricing structure that requires covered persons to pay out-of-pocket for the cost of higher-cost drugs"

With the following language:

...develop a common purchasing pool for pharmacy benefits through the use of a preferred drug list based on evidence based analysis of the costs and medical effectiveness of drugs. The preferred list of covered prescription drugs will identify preferred choices within therapeutic classes for particular diseases and conditions including generic alternatives to brand name drugs.

Thanks,
Jim
Jim Johnston

State Budget Office -- WI Dept. of Administration
608/266-3420
608/267-0372 (fax)
james.johnston@doa.state.wi.us



TODAY, please (1/30)

State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1272/P1

DAK:.....
WLJ

D-NOTE

DOA:.....Johnston – Purchasing pool for pharmacy benefits
FOR 2003-05 BUDGET — NOT READY FOR INTRODUCTION

DO NOT GEN

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES ✓

HEALTH ✓

This bill requires that, beginning on January 1, 2005, every governmental unit, as defined in the bill, that provides health insurance coverage for its employees join a pharmacy benefits purchasing pool that uses a preferred list of covered prescription drugs. Under the bill, the preferred list is developed under an evidence-based analysis that identifies the relative effectiveness of prescription drugs within therapeutic classes for particular diseases and conditions and identifies the least costly prescription drugs among those found to be equally effective.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 2 SECTION 1. 146.946 of the statutes is created to read:
- 3 146.946 Pharmacy benefits purchasing pool for governmental units.
- 4 (1) In this section:

1 (a) "Brand name" has the meaning given in s. 450.12 (1)(a).

2 (b) "Generic name" has the meaning given in s. 450.12 (1)(b).

3 (c) "Governmental unit" means the state, including any body in state
4 government created or authorized to be created by the constitution or any law; an
5 instrumentality of the state or any corporation or other body created by the state; a
6 political subdivision of the state; a special purpose district in this state; an
7 instrumentality, corporation, or other body of a political subdivision or special
8 purpose district; and any combination or subunit of any of the foregoing or of an
9 instrumentality of the state and any of the foregoing.

10 (d) "Prescription drug" has the meaning given in s. 450.01 (20).

11 (2) Beginning on January 1, 2005, each governmental unit that offers or is
12 required to provide health insurance coverage to any of its employees shall, together
13 with every other such governmental unit, develop a common purchasing pool for
14 pharmacy benefits that uses a preferred list of covered prescription drugs. The
15 preferred list of covered prescription drugs shall be developed under an
16 evidence-based analysis that first identifies the relative effectiveness of prescription
17 drugs within therapeutic classes for particular diseases and conditions and next
18 identifies the least costly prescription drugs, including prescription drugs with
19 generic names that are alternatives to prescription drugs with brand names, among
20 those found to be equally effective.

21

(END)

D-NOTE

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1272/P1dn

.....
DAK:WLJ:

To Jim Johnston:

Please review this draft carefully; I modified your suggested language somewhat, based on an Internet search of the term "evidence-based." The following are questions that remain with respect to the details of the draft:

1. I used the public sector health insurance pools draft (03-1749/P1) as a model for the definition of "governmental unit" and for the beginning date for implementation of the requirement for the use of the purchasing pool for pharmacy benefits; are these acceptable?
2. What is the entity that is to develop the preferred list? DHFS? Other?
3. This bill requires governmental units to develop a common purchasing pool; is any agency, or entity, to take the lead in decision making? If not, it's difficult to envision how disputes about coverage decisions will be resolved, unless the governmental units would be required to use the preferred list that some entity has developed; if that is what you want, I will redraft to require it.

This draft does not at present have a BB number.

Debora A. Kennedy
Managing Attorney
Phone: (608) 266-0137
E-mail: debora.kennedy@legis.state.wi.us

DRAFTER'S NOTE
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LEGISLATIVE REFERENCE BUREAU

LRB-1272/P1dn
DAK:wlj:cph

January 30, 2003

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DOA:.....Johnston - Purchasing pool for pharmacy benefits

FOR 2003-05 BUDGET -- NOT READY FOR INTRODUCTION

From Jim Johnston

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5 instrumentality of the state or any corporation or other body created by the state; a
6 political subdivision of the state; a special purpose district in this state; an
7 instrumentality, corporation, or other body of a political subdivision or special
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9 instrumentality of the state and any of the foregoing.

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Now
State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1272/P3 P3

DAK:wlj:z

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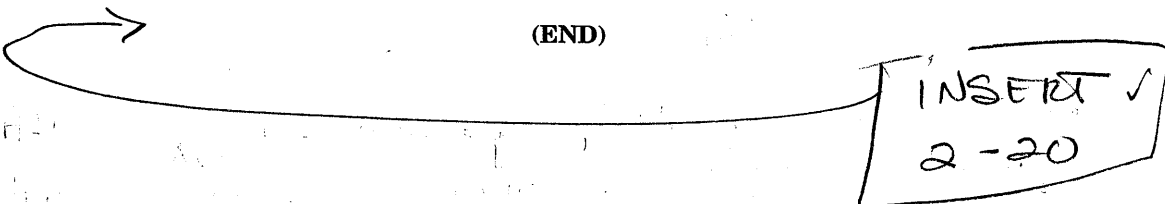
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INSERT ✓
2-20

2003-2004 DRAFTING INSERT
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LEGISLATIVE REFERENCE BUREAU

LRB-1272/P3ins
DAK:wlj:rs

Niff

INSERT 2-20

1 After the purchasing pool is developed, the pool shall be available to an
2 employer to whom all of the following apply:

3 (a) The employer is not a governmental unit.

4 (b) The employer provides health insurance coverage to any of the employer's
5 employees.

6 (c) The governor requests participation in the pool by ~~the employer~~
the employer's



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-1272/P3
DAK:wlj:jf

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