



STATE OF WISCONSIN
Department of Employee Trust Funds
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Correspondence Memorandum

Date: November 11, 2019
To: Group Insurance Board
From: Tarna Hunter, Government Relations Director
Office of the Secretary
Subject: Legislative Update

This memo is for informational purposes only. No Board action is required.

Governor's Task Force on Reducing Prescription Drug Prices

On August 20, 2019, Gov. Evers signed Executive Order #39 creating a task force on reducing prescription drug prices in Wisconsin. The Task Force is charged with gathering and analyzing data on development, pricing, distribution, and purchasing of prescription drugs, analyzing strategies in reducing prescription drug prices used in other states and identifying opportunities to work with other states and the federal government, and making recommendations for reducing prescription drug prices in Wisconsin. ETF's designee on the Task Force is the Office of Strategic Health Policy Deputy Director **Brian Stamm**.

The Task Force membership includes:

1. Commissioner of Insurance or a designee, Chair;
2. Secretary of the Department of Health Services or a designee, Vice-Chair
3. Attorney General or a designee;
4. Secretary of the Department of Agriculture, Trade and Consumer Protection or a designee;
5. Secretary of the Department of Employee Trust Funds or a designee;
6. Four members of the Wisconsin Legislature; and
7. Other individuals appointed by the Governor to serve at the pleasure of the Governor.

Reviewed and approved by Pamela Henning, Assistant Deputy
Secretary

Pamela L Henning

Electronically Signed
11/11/19

Board	Mtg Date	Item #
GIB	11.13.19	12I

2019-20 Legislative Session – Acts Signed Into Law

2019 Act 12 sets requirements insurers must follow when they use a step therapy protocol, provides that a step therapy protocol must use clinical review criteria based on clinical practice guidelines, and requires the following exceptions to be granted for prescription drug coverage:

- The patient previously tried the drug or a similar drug and its use by the patient was discontinued under circumstances described in the act.
- The drug is expected to be ineffective based on the known clinical characteristics of the patient and the known characteristics of the prescription drug regimen.
- The required prescription drug is not in the best interest of the patient, based on medical necessity.
- The patient is stable on a prescription drug selected by their health care provider.
- The drug is contraindicated or will likely cause an adverse reaction by or physical or mental harm to the patient.

Finally, the law outlines an appeal process and would give insurers three business days to deny the request or the exception is granted.

The act takes effect on the first day of the 4th month beginning after publication (November 1, 2019). Additionally, for policies and plans containing provisions inconsistent with this act, the act first applies to policy or plan years beginning on January 1, 2020.

Other Proposed State Legislation

2019 AB 238 and **2019 SB 217** require the Department of Health Services (DHS) in consultation with ETF, to develop and implement a plan to reduce the incidence of diabetes in Wisconsin, improve diabetes care, and control complications associated with diabetes. DHS may also consult with the Department of Public Instruction and Department of Corrections in the development of the plan.

DHS must submit a biennial report to the Legislature (first report by January 1, 2021) that includes:

- An assessment of the financial implications of diabetes upon DHS, the state and localities.
- An assessment of the benefits of implementing programs and activities to control diabetes.
- A description of the level of coordination existing within DHS and between DHS and other entities and organizations on activities and communication relating to diabetes.

- The development or revision of a detailed action plan with a range of actionable items for the Legislature to consider.
- A proposed budget for the plan.

2019 SB 217 was introduced by [Sen. Darling](#) and referred to the [Senate Committee on Health and Human Services](#). 2019 AB 238 was introduced by [Rep. Vorpage](#) and referred to the [Assembly Committee on Health](#).

The Assembly Committee on Health held a public hearing on July 10, 2019. On October 8, 2019, the Senate unanimously passed SB 217. As of this writing, the Assembly has not scheduled the bill for a vote.

[2019 SB 100](#) and **[2019 AB 114](#)** allows the commissioner of insurance to regulate a pharmacy benefit manager (PBM) by requiring them to register. The bill also establishes certain price transparency requirements and requirements on contracts the PBM enters into with pharmacies, pharmacists, or health benefit plan sponsors. The bill primarily focuses on the PBM's relationship with the pharmacies and the insurance commissioner. There are a number of provisions in the bill that may impact the group health insurance program, including changes to the regulation of prescription drug charges and choice of providers, restricting the PBM from collecting fees from pharmacies for the adjudication of claims and inclusion or participation in the PBM's pharmacy networks, restricting requiring the use of mail order pharmacies and limiting the PBM's ability to audit pharmacies that participate in their network.

2019 SB 100 was introduced by [Sen. Erpenbach](#) and referred to the [Senate Committee on Health and Human Services](#). 2019 AB 114 was introduced by [Rep. Schraa](#) and referred to the [Assembly Committee on Health](#).

At this time, neither bill has been scheduled for a public hearing.

I will be at the November 13, 2019, Board meeting to answer any questions.