MN HOUSE RESEARCH

Bill Summary

H.F. 284

First Engrossment

Subject	Review of cost of insulin products
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Overview

This bill establishes a process for the commissioner of health to review the cost of insulin products made available for sale in the state, determine if the cost of a product has led or will lead to excess costs for health care systems in the state, and establish a maximum level of reimbursement for an insulin product that the commissioner finds has led or will lead to excess costs for health care systems. Excess cost is defined as a cost that is not sustainable to public and private health care systems over a ten-year period.

Summary

Section	Description
1	**Reporting and review of cost of insulin products.** Adds § 62J.871. Establishes reporting requirements for manufacturers of insulin products to report costs of insulin products made available in Minnesota; requires the commissioner of health to determine if the cost of an insulin product has led or will lead to excess costs for health care systems in the state; and authorizes the commissioner to set a maximum level of reimbursement for an insulin product upon a finding that the cost has led or will lead to excess costs for health care systems. **Subd. 1. Definitions.** Defines terms for this section: commissioner, excess cost, group purchaser, and wholesale acquisition cost or WAC. **Subd. 2. Manufacturer reporting requirement; excess cost review.** By September 1, 2019, requires each manufacturer of an insulin product available in Minnesota to report to the commissioner of health, the wholesale acquisition cost for each of these insulin products. Allows a manufacturer to also submit other information relating to price. Directs the commissioner to review the reported cost for each insulin product and determine whether appropriate utilization of the product has led or will lead to excess costs for the health care systems of the state. Lists factors the commissioner may consider to determine if spending has led or will lead to excess costs. Lists additional factors the commissioner may consider to determine if spending has led or will lead to excess costs, if the commissioner cannot make a determination using the factors in paragraph (c). Allows the commissioner to use data in the all-payer claims database to conduct this analysis, and requires the commissioner to give the

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public a chance to provide comments before the commissioner makes a determination.

Subd. 3. Advisory work group. Allows the commissioner to convene an advisory work group to advise the commissioner on insulin costs and to represent the views of stakeholders. Establishes requirements for members of the work group, and requires work group members to disclose conflicts of interest.

Subd. 4. Public data; proprietary information. Requires data submitted to the commissioner for an insulin cost review to be public, except for information that is proprietary or trade secret. Directs the commissioner to establish standards for when information is proprietary, and requires the commissioner to provide public notice and an opportunity for comment before these standards are established.

Subd. 5. Determination; compliance; remedies. If the commissioner finds that spending on an insulin product creates excess costs, directs the commissioner to establish a maximum level of reimbursement to be billed and paid among (1) group purchasers and pharmacies, (2) wholesale distributors and pharmacies, and (3) pharmacies and uninsured consumers or consumers who have not met their health plan's deductible. Provides that the maximum level of reimbursement set by the commissioner cannot create more than a 50 percent net profit margin for the manufacturer. Directs the commissioner to determine how each participant in the supply chain is paid. Directs the attorney general to provide guidance on what activities are considered noncompliant when insulin product costs are higher than rates established by the commissioner. If an entity does not bill or pay in compliance with rates established by the commissioner, directs the commissioner to refer that entity to the attorney general, who may use remedies in chapter 8 or may file criminal charges if there is evidence of international profiteering.

Subd. 6. Compliance with reporting. If a manufacturer fails to report price information to the commissioner or submit requested information to the commissioner, allows the commissioner to refer the matter to the attorney general or to set a maximum level of reimbursement without information from the manufacturer. A manufacturer cannot appeal a maximum level of reimbursement if the manufacturer does not comply with the reporting requirements.

Subd. 7. Appeals. Allows a person affected by the commissioner's determination under this section to appeal to the commissioner, and provides that appeal decisions are subject to judicial review under chapter 14.

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2	**Appropriation.** Makes a blank appropriation in fiscal year 2020 from the general fund to implement section 62J.871.