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HOUSE BILL NO. 691

Offered January 8, 2020
Prefiled January 6, 2020

A BILL to amend the Code of Virginia by adding sections numbered 2.2-213.6 and 2.2-213.7, relating to Prescription Drug Affordability Board and the Office of the Prescription Drug Affordability Board; established.

Patrons—Simonds, Guzman and Subramanyam

Referred to Committee on General Laws

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding sections numbered 2.2-213.6 and 2.2-213.7 as follows:

§ 2.2-213.6. Prescription Drug Affordability Board; established; powers and duties.

A. The Prescription Drug Affordability Board (the Board) is established in the executive branch of state government. The purpose of the Board is to study, review, and regulate the cost of prescription drugs and to protect residents of the Commonwealth from the high cost of prescription drug products.

B. The Board shall consist of seven nonlegislative citizen members to be appointed by the Governor, subject to confirmation by the General Assembly. Board members must have expertise in health care economics or clinical medicine. Nonlegislative citizen members shall be appointed for a term of six years. Appointments to fill vacancies, other than by expiration of a term, shall be for the unexpired terms. All members may be reappointed. However, no nonlegislative citizen member shall serve more than two consecutive six-year terms. The remainder of any term to which a member is appointed to fill a vacancy shall not constitute a term in determining the member's eligibility for reappointment. Vacancies shall be filled in the same manner as the original appointments.

C. The Board shall elect a chairman and vice-chairman from among its membership. A majority of the members shall constitute a quorum. The meetings of the Board shall be held at the call of the chairman or whenever the majority of the members so request.

D. Members of the Board shall receive such compensation for the discharge of their duties as provided in § 2.2-2813. All members shall be reimbursed for reasonable and necessary expenses incurred in the discharge of their duties as provided in §§ 2.2-2813 and 2.2-2825.

E. The Board shall have the following duties and responsibilities:

1. Hire and supervise an executive director of the Office of the Prescription Drug Affordability Board established in § 2.2-213.7.

2. Collect, review, and study publicly available information regarding prescription drug product manufacturers, health insurance carriers, health maintenance organizations, managed care organizations, wholesale distributors, and pharmacy benefits managers; identify states that require reporting on the cost of prescription drug products; and initiate a process to enter into memoranda of understanding with the identified states to aid in the collection of transparency data for prescription drug products, no later than November 30, 2021.

3. Study the pharmaceutical distribution and payment system in the Commonwealth, policy options being used in other states and countries to lower the list price of pharmaceuticals, including setting upper payment limits, using a reverse auction marketplace, and implementing a bulk purchasing process, no later than November 30, 2021.

4. Based on the information collected pursuant to subdivisions 2 and 3 and in consultation with the stakeholder work group established pursuant to subdivision 7, the Board shall adopt policies and procedures for the review of prescription drugs which shall include, at a minimum, the review of prescription drugs that meet any of the following criteria: (i) new brand-name prescription drugs that enter the market at $30,000 or more per year or course of treatment; (ii) existing brand-name medications that increase in price by $3,000 or more per year or course of treatment; (iii) existing generic medications that increase in price by 200 percent or more per year or course of treatment; or (iv) any prescription drugs that the Board determines create affordability challenges to the Virginia health care system, including patients. The policies and procedures adopted by the Board shall provide mechanisms for testimony and written comment from the public during the prescription drug review process.

5. Beginning January 1, 2023, the Board shall review and regulate prescription drugs in accordance with the policies and procedures developed pursuant to subdivision 4. The Board shall consider a broad range of economic factors when recommending and setting appropriate payment rates for reviewed

drugs, including a review of the entire supply chain and allowing pharmaceutical manufacturers the opportunity to justify existing drug costs.

6. Beginning January 1, 2023, the Board shall thoroughly monitor, assess, and offer recommendations to the General Assembly on ways to mitigate the impacts of high cost prescription drugs on Virginia's residents and health care system.

7. Appoint members to a stakeholder work group to advise the Board. Members of the stakeholder work group may not be compensated but shall be reimbursed for reasonable and necessary expenses incurred in the discharge of their duties as provided in §§ 2.2-2813 and 2.2-2825.

§ 2.2-213.7. Office of the Prescription Drug Affordability Board; established; powers and duties.

A. The Office of the Prescription Drug Affordability Board (the Office) is hereby established to serve as the administrative entity of the Prescription Drug Affordability Board (the Board) established in § 2.2-213.6, and to ensure that the decisions of the Board are implemented. The executive director shall be hired by and subject to the direction and supervision of the Board.

B. The executive director of the Board shall:

1. Hire and supervise staff to support the operation of the Board.

2. Take all necessary steps to ensure that decisions of the Board are properly implemented.

3. Compile and submit a report to the General Assembly summarizing the work of the Board by November 30 of each year.

C. The Office shall coordinate and provide all necessary support for the operation of the stakeholder work group. Collectively, the stakeholder work group shall have knowledge of the following: (i) the pharmaceutical business model; (ii) supply chain business models; (iii) the practice of medicine or clinical training; (iv) consumer or patient perspectives; (v) health care costs trends and drivers; (vi) clinical and health services research; and (vii) the Commonwealth's health care marketplace.

2. That the initial appointments of the Prescription Drug Affordability Board shall provide for staggered terms with two members being appointed for three-year terms, two members being appointed for four-year terms, two members being appointed for five-year terms, and one member being appointed for a six-year term.