

From: Sadie T Ellwood
Sent: Wednesday, November 21, 2018 1:54 PM
To: WINKEL Karen J * DCBS ; OBRIEN Jesse E * DCBS
Subject: Re: Net Yearly Increase Memo for HB 4005 RAC

Good afternoon Jesse,

In the interest of time, I'm sending our comments via email to you in regards to the options for the "net yearly increase" definition.

We'd like to introduce an alternate solution and/or option to be considered by the RAC if possible. We recommend manufacturers be required to simply compare every price increase during the year with the lowest price of the year. This would mean subtracting the lowest price that occurred during the year from each and every price increase. This would then produce a net of each price increase over the course of the year. If the net of any one of the price increases is 10% or more, the reporting threshold has been reached and the manufacturer would be required to report, regardless of whether the price was subsequently decreased. If there was a price decrease, the manufacturer could describe the decrease in the report.

It's our understanding that HB 4005 requires manufacturers to report only a net price increase of 10% or more over the course of the calendar year and this alternative option would comply with the strict reading of the law. The approach outlined above would also minimize the ability of manufacturers to manipulate the price to avoid reporting.

However, of the options provided for consideration in your original email, we would also be supportive of #2 which is calculating the net yearly increase by comparing the average WAC in reporting year to the average WAC in the prior year

Please let me know if you have any questions.

Sincerely,

Sadie Ellwood
Regulatory Services
Kaiser Foundation Health Plan of the NW