

# Opioid overdose reversal medication bulk purchasing and distribution program

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## Preliminary progress report

Second Substitute Senate Bill 5195; Section 7(6); Chapter 273; Laws of 2021

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## Executive summary

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The Washington State Health Care Authority (HCA) is evaluating options for creating and maintaining a bulk purchasing and distribution program for opioid reversal medications as directed by [Second Substitute Senate Bill \(2SSB\) 5195 \(2021\)](#), and submitting this report as required in Section 7(6):

“(6) By January 1, 2022, the health care authority shall submit a report to the legislature on the progress towards establishing the bulk purchasing and distribution program. The health care authority shall submit an updated report on the progress towards establishing the bulk purchasing and distribution program by January 1, 2023.”

Given the state of the opioid epidemic, Washington State needs new strategies to address increasing drug-caused deaths involving opioids. This bill directs state agencies to act in improving access to opioid reversal medications, including establishing a bulk purchasing and distribution program.

To create this program, HCA has identified external stakeholders who can help provide input and perspective to HCA about how to successfully create and maintain such an initiative. HCA has contracted with the [Center for Evidence-based Policy \(CEbP\)](#) at [Oregon Health and Science University \(OHSU\)](#) to continue exploring policy and program considerations for HCA to evaluate. HCA is also hiring staff to help support the management of this program and to leverage data from the [Washington State All-Payer Claims Database \(WA-APCD\)](#) to better understand the landscape of naloxone use in Washington.

HCA has progressed in initiating the research necessary to create and maintain a bulk purchasing and distribution program. HCA will continue on this work in 2022 and provide a subsequent legislative report detailing that information by January 1, 2023.

## Background

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Washington State is in the midst of an opioid epidemic. Despite progress over the last decade in addressing overutilization of prescription opioids, increasing awareness of opioid use disorder, and other public health strategies to address this crisis, [drug-caused deaths involving opioids rose statewide](#) from 852 in 2019 to a record 1,219 in 2020. According to a [news release](#) from the Washington State Department of Health (DOH), the first quarter of 2021 has seen an increase in the number of deaths from overdose when compared to the same time in 2020, meaning the crisis is continuing to worsen and new strategies must be developed to prevent and mitigate harm and death.

To address this emergency, [2SSB 5195](#) was signed into law in 2021 to increase access to opioid overdose reversal medications. Section 7 of this legislation tasks HCA with creating and maintaining a system for purchasing and distributing naloxone as a means to increase access and use of this medication to reduce the number of opioid overdose fatalities in Washington.

Naloxone is a Food and Drug Administration (FDA)-approved medication used to reverse the effects of opioids by blocking the receptor which opioids act on. Naloxone is available for purchase and use in Washington under a [standing order](#). The task assigned to HCA is to increase the efficiency in which health systems and community organizations are able to purchase and distribute naloxone and evaluate the potential to reduce costs through bulk purchasing strategies.

Naloxone is available through traditional drug purchasing and distribution channels. Naloxone is produced by several different drug manufacturers in several dosage forms, and these products are made available to purchase by health systems, pharmacies, and other organizations through drug wholesalers. These entities distribute naloxone to end-users, either patients themselves or caretakers, and some may seek reimbursement for this cost or distribute it at no charge. DOH also has a naloxone purchasing and distribution program. HCA is seeking to evaluate this and other options for entities to purchase naloxone.

However, there are challenges with creating a new purchasing system when existing channels for purchasing and distributing exist for prescription drugs. These systems operate with known efficiencies, and a new purchasing system must address both pricing and incentives in order to be successful in addressing the growing opioid crisis.

This legislative report provides a summary as to the progress of HCA in establishing this new naloxone purchasing and distribution program as described in section 7(6) of [2SSB 5195 \(2021\)](#).

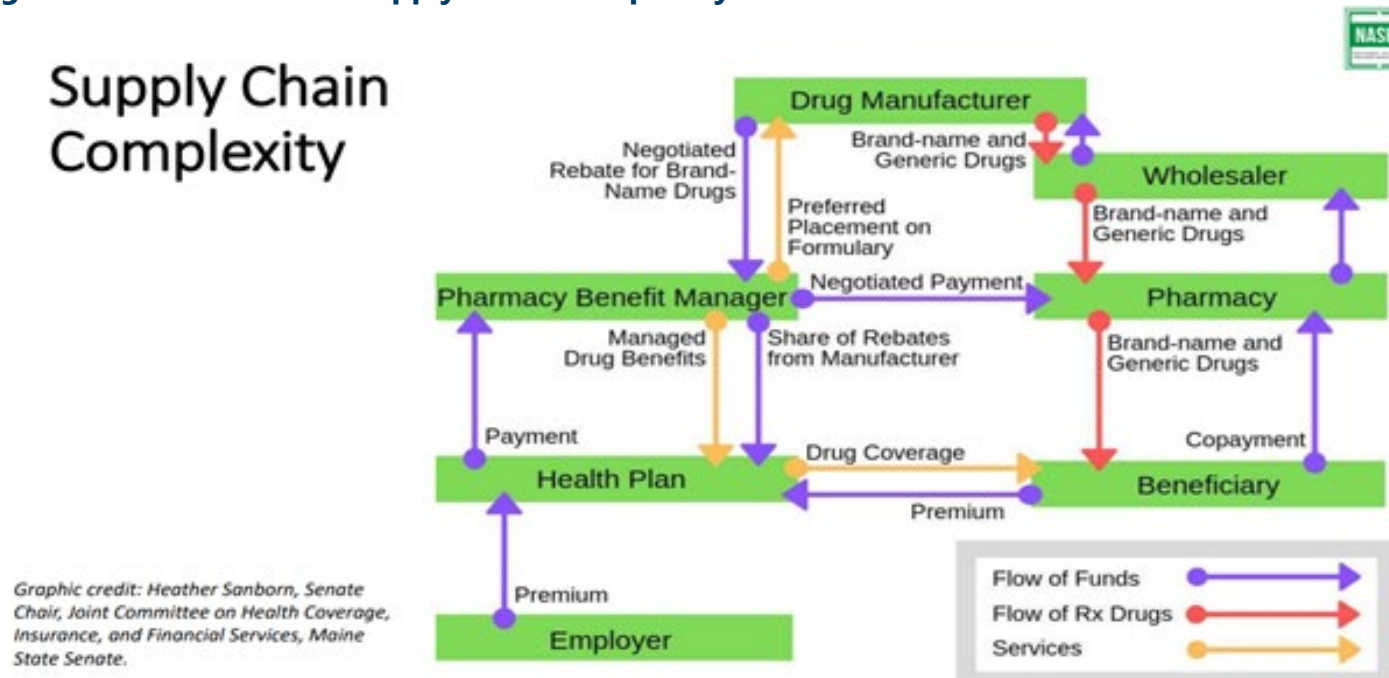
## Progress toward establishing a bulk purchasing and distribution program

In order to establish a successful naloxone purchasing and distribution program, HCA has created a project plan for completing this work. HCA has completed a number of objectives in 2021, and the agency is continuing to plan and prepare for work in 2022.

To identify impacted parties, HCA has identified external stakeholders who can help provide input and perspective to HCA as it creates and maintains this program. Among the external stakeholders HCA has identified as payers are health carriers, Washington Apple Health (Medicaid) managed care organizations (MCOs), third-party vendors for state purchased health care, and other state government agencies who purchase prescription drugs. External stakeholders that function as distributors include hospitals, behavioral health organizations, pharmacies, community outreach organizations, and other public and behavioral health providers.

HCA understands the existing prescription drug purchasing and distribution system. Below is a schematic that demonstrates the basic framework for how drugs and money move between entities.

**Figure 1. Pharmaceutical Supply Chain Complexity**



In order to set up a bulk purchasing and distribution system, HCA will need to determine what role HCA can have between manufacturers, wholesalers, pharmacies, and payers. To better understand their roles, purposes, and functions, HCA has had discussions with subject matter experts in drug purchasing and distribution, including [Moda Health](#), CEbP, the National Academy of State Health Policy (NASHP), representatives of other states, DOH, and the Washington State Department of Corrections (DOC). This has helped HCA establish an understanding of existing relationships between entities and where opportunities may exist for a new purchasing and distribution system solely for naloxone in Washington State to exist in this environment.

To further study these possibilities, HCA has contracted with the CEbP to continue exploring policy and program considerations for HCA to evaluate. This work includes assistance with coordinating and managing stakeholder engagement, researching and presenting reports on market forces and influences that impact price, purchasing options, and other related problems, identifying potential approaches to implementing a program, and making recommendations on viable options.

Regarding the work on stakeholder engagement, HCA and CEbP have fielded a survey to gauge interest and expertise in various aspects of this work from stakeholders impacted by this program. HCA is in the process of hiring staff dedicated to support the creation and maintenance of the program.

HCA may also receive and analyze data about statewide naloxone use through the WA-APCD. The WA-APCD will provide much of the information necessary to understand how naloxone is currently purchased and used around the state, including how the different types of naloxone products are used relative to each other. The WA-APCD does not contain information on self-pay prescriptions or self-insured health plans, so HCA may rely on other data sources to fully understand the modeling necessary to meet the needs of the state in future years.

HCA continues to work toward understanding the landscape of naloxone purchasing, distribution, and use in Washington State in order to prepare policies and strategies that could create and maintain a naloxone purchasing and distribution program.

## Conclusion

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Complexities in the existing drug purchasing and distribution environment mean HCA must carefully evaluate the different policy and program options to determine what may be the most successful strategy to pursue. HCA has already completed a number of tasks, such as identifying relevant stakeholders, understanding the current systems for purchasing and distributing drugs, and creating a project plan for identifying and studying possible options for establishing and maintaining a naloxone purchasing and distribution program.

Looking forward, HCA will be reviewing stakeholder input to better understand how different stakeholders are serving the community with existing naloxone distribution strategies. From there, HCA will be able to explore how different purchasing and distribution options can positively impact these stakeholders and their communities, including improvements in identifying people in need of naloxone, purchasing more affordable naloxone, and tracking of naloxone use around the state. These strategies may be coupled with other work HCA is undertaking in improving health and equity in the state, including sharing information with other services for substance use disorder or behavioral health as appropriate and necessary.

HCA is actively working to identify viable options for a naloxone purchasing and distribution program for Washington State. As described above, HCA is in the process of understanding the opportunities to create and maintain a purchasing and distribution system to increase access and use of naloxone in Washington State to reverse the effects of opioid overdoses and to prevent drug-related deaths. As directed under [RCW 70.14.170\(7\)](#), HCA will produce a subsequent report on January 1, 2023 with updates on the progress of this new program.