

SENATE BILL REPORT

SB 5026

As Reported By Senate Committee On:
Health & Long-Term Care, February 6, 2002

Title: An act relating to the aggregate purchasing prescription drug discount program.

Brief Description: Creating the aggregate purchasing prescription drug discount program.

Sponsors: Senators Franklin, Thibaudeau, Kohl-Welles, Winsley, Regala and Costa.

Brief History:

Committee Activity: Health & Long-Term Care: 1/11/01; 1/16/02, 2/6/02 [DPS, DNP].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5026 be substituted therefor, and the substitute bill do pass.

Signed by Senators Thibaudeau, Chair; Franklin, Vice Chair; Costa, Deccio, Fraser and Winsley.

Minority Report: Do not pass.

Signed by Senator Parlette.

Staff: Jonathan Seib (786-7427)

Background: Influenced by price increases, greater utilization, and changes in the types of prescriptions used, national expenditures for prescription drugs have been one of the fastest growing components of health care spending in the last decade, increasing more than 12 percent a year in seven of the last 13 years. Although they remain a relatively small proportion of total personal health care expenditures, the annual percent increases in spending for prescription drugs have been more than double those for other health care services since 1995.

The increase in prescription drug expenditures has contributed to the significant growth in the cost of state health care programs in recent years. Some suggest that state agencies could better maximize their purchasing power, and thereby reduce the amount they pay for prescription drugs, by aggregating their drug purchases. Although current state law makes indirect reference to this strategy, the practice is apparently not widespread.

Interest also exists in extending this aggregate purchasing strategy to benefit those who purchase drugs outside of current government programs or otherwise lack insurance coverage, and may have difficulty affording necessary medications.

Summary of Substitute Bill: The Health Care Authority (HCA) must implement a program to aggregate the purchase of prescription drugs for health care programs administered by state agencies. Under the program, the HCA is to negotiate price discounts with suppliers for

prescription drugs purchased by the state or for which the state provides reimbursement. Such discounts must also be made available to certain state residents who are at least 55 years old or disabled.

Substitute Bill Compared to Original Bill: The substitute bill removes language from the original which would have prohibited state agencies from purchasing or reimbursing for any prescription drugs outside of the aggregate purchasing discount program.

Appropriation: None.

Fiscal Note: Requested on January 17, 2002.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: For millions of Americans prescription drug costs are having detrimental effects on their medical and financial health. The people of Washington need a solution that allows all individuals who are prescribed a needed medication by their doctor the ability to obtain that drug and take the recommended dosage without having to make hard choices. This bill is an excellent short-term strategy and consistent with current state efforts.

Testimony Against: None.

Testified: Eleanor Owen, WAMI (pro); Allen Marrow, Senior Citizen's Lobby (pro); Victoria Doyle, Washington Citizen Action (pro); Robbie Stern, Washington State Labor Council (pro); Maggie Baker, Health Care Authority (neutral); Cliff Webster, PhRMA.