

SENATE BILL REPORT

SB 5030

As Reported By Senate Committee On:
Health & Long-Term Care, February 27, 2001

Title: An act relating to the Washington pharmacy access program.

Brief Description: Creating the Washington pharmacy access program.

Sponsors: Senators Thibaudeau, Franklin, Kohl-Welles, Prentice, Deccio, Eide, Winsley, Regala and Fraser.

Brief History:

Committee Activity: Health & Long-Term Care: 1/11/01., 2/27/01 [DPS-WM]

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5030 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

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

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 past decade, increasing 15 percent from 1997 to 1998, compared to 5 percent for all personal health care spending. In the past five years, the increases in prescription expenditures have been two to four times the percent change in expenditures for most other health care services.

There is concern that the burden of increased prescription drug expenditures is particularly difficult for older persons and others who may be on fixed incomes and are more reliant on medications to stay healthy. According to one report, while seniors make up only 12 percent of the U.S. population, they consume almost 35 percent of all prescriptions drugs, with the average senior filling 18 prescriptions per year.

Particular concern exists regarding Washington seniors who lack prescription drug insurance coverage. Standard Medicare does not cover outpatient prescription drugs. Supplemental policies covering drugs are limited, and are unaffordable to some. Limited drug coverage may also be provided through Medicare managed care plans, but these are increasingly unavailable. At the state level, the Basic Health Plan includes prescription drug coverage, but is not open to anyone who is Medicare eligible. One estimate suggests that overall, about 66,000 seniors in this state whose family income is below 200 percent of the federal poverty level lack any sort of prescription drug coverage.

Some who need prescription drugs may turn to the assistance programs sponsored by pharmaceutical manufacturers, but there is concern that these are inconsistent and not easy to access.

At the local level, some programs exist intended to better educate seniors on safe and appropriate use of medications, and there is a desire to replicate those programs in other parts of the state.

Summary of Substitute Bill: The Legislature states its intent to create a pharmacy access program to implement strategies to reduce the cost of prescription drugs to the state and assure state residents continued access to affordable medications.

The Department of Social and Health Services (DSHS) must award prescription drug information and education grants to local government or nonprofit organizations for the design and implementation of programs intended to inform and train persons age 65 and older in the safe and appropriate use of prescription and non-prescription medications. The grants are to be awarded on a competitive basis, based on criteria specified in the bill.

The medications outreach initiative is created within DSHS. The initiative must identify and enroll eligible persons age 65 and older in the Medicaid program, and assist eligible persons in procuring free or low cost medications from the drug assistance programs of pharmaceutical manufacturers.

DSHS is explicitly allowed to implement any senior prescription drug assistance program authorized and funded by the federal government.

DSHS is authorized to submit and, upon approval, implement a waiver request to the federal health care financing administration to establish a prescription drug assistance program. The waiver would allow Medicare enrollees with incomes up to 300 percent of the federal poverty level, who otherwise lack prescription drug coverage, to a subsidy when purchasing prescription drugs equal to the average rebate required of drug manufacturers under the Medicaid program.

The existing authority of the state Health Care Authority (HCA) to coordinate state agency efforts to purchase drugs effectively is amended to explicitly authorize the development of a drug formulary, the development of consolidated prescription drug purchasing strategies, and more effective use of pharmacy-based services in the delivery of any prescription drug benefit. The agencies to which these requirements apply are specified. The HCA is to submit a progress report to the Governor and the Legislature regarding these coordination efforts by January 1, 2002.

Substitute Bill Compared to Original Bill: The substitute bill places primary responsibility for the pharmacy access program with DSHS rather than HCA. It adds a \$250,000 appropriation for the local grant program, and limits any single local program to no more than \$25,000 each year. The substitute bill also adds the sections regarding implementation of a federal drug assistance program, the Medicaid waiver, and the coordinated purchasing efforts by the HCA. The subsidized prescription drug insurance plan created in the original bill is not included in the substitute.

Appropriation: \$250,000.

Fiscal Note: Available on original bill.

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

Testimony For: The lack of prescription drug benefits for low income citizens of all ages is one of the most significant issues facing our state today. This bill is preferred because it creates a mechanism whereby any eligible Washington resident will be able to purchase an insurance policy providing at least partial coverage for prescription drugs and because it contains provisions that will reduce the retail cost of prescription drugs.

Testimony Against: The bill contains some technical glitches that should be remedied before it is considered for final action.

Testified: Cliff Webster, PhRMA; PRO: Pat Trifunor, Glaxo Smith Kline; Allen Marrow, Senior Citizens Lobby; CONCERNS: Liz Merten, National Association of Chain Drug Stores; Rod Shafer, WSPA; Charles Kahler, WRA.