

SENATE BILL REPORT

SB 6268

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

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

Brief Description: Creating the Washington pharmacy access program.

Sponsors: Senators Thibaudeau and Kohl-Welles.

Brief History:

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

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 6268 be substituted therefor, and the substitute bill do pass.

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

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.

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. 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.

At the local level, some programs exist which intend 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.

The increase in prescription drug expenditures has also 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.

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 must be awarded on a competitive basis, based on criteria specified in the bill. The department may accept money from public and private sources to fund these grants.

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

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 preferred drug list, 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. HCA submits a progress report to the Governor and the Legislature regarding these coordination efforts by January 1, 2003.

Substitute Bill Compared to Original Bill: The original bill created an outreach program within DSHS to assist persons in accessing prescription drugs through existing public and private programs. It also authorized DSHS to request and implement a federal Medicaid waiver to establish a prescription drug assistance program. These provisions are removed in the substitute bill. The substitute adds language authorizing DSHS to solicit and accept money from public and private sources to fund the prescription drug information and education grants, and replaces the phrase "drug formulary" with the phrase "preferred drug list."

Appropriation: \$49,000.

Fiscal Note: Requested on February 5, 2002.

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

Testimony For: The people of Washington need a solution that allows all individuals who are prescribed a needed medication the ability to obtain that drug without having to make hard choices. If we allow the state to act as a smart shopper and give them the tools to negotiate lower prices, we will help alleviate the suffering of our citizens and save the state money. The bill will result in more prudent and cost-effective drug purchases by senior citizens.

Testimony Against: None.

Testified: Eleanor Owen, WAMI (pro); Allen Morrow, Senior Citizen Lobby (pro); Victoria Doyle, Washington Citizen Action (pro); Art Zoloth, Northwest Pharmacy Services; Cliff Webster, PhRMA; Ree Sailors, Governor’s Executive Policy Office; Siri Childs, Department of Social and Health Services.