SENATE BILL REPORT
ESSB 6368

As Passed Senate, February 18, 2002

Title: An act relating to development of a prescription drug education and utilization system.

Brief Description: Developing a comprehensive prescription drug education and utilization system.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Thibaudeau, Deccio and Winsley).

Brief History:
Committee Activity: Health & Long-Term Care: 1/24/02, 2/6/02 [DPS, DNP].
Ways & Means: 2/11/02, 2/12/02 [DPS (HEA), DNP].
Passed Senate: 2/18/02, 27-20.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 6368 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)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6368 as recommended by Committee on Health & Long-Term Care be substituted therefor, and the substitute bill do pass.
Signed by Senators Brown, Chair; Regala, Vice Chair; Fairley, Vice Chair; Fraser, Kohl-Welles, Poulsen, B. Sheldon, Snyder, Spanel, Thibaudeau and Winsley.

Minority Report: Do not pass.
Signed by Senators Hewitt, Honeyford, Parlette, Rossi and Zarelli.

Staff: Tim Yowell (786-7435)

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, prompting a number of states to adopt strategies to control such expenditures.

Summary of Bill: Implementation of a state preferred drug program must begin by January 1, 2003 as follows:

The Health Care Authority (HCA) contracts with one or more qualified entities to determine, based on scientific evidence, which drugs within given therapeutic classes are essentially equal in terms of safety and efficacy.

The list of drugs determined to be essentially equal is submitted to a pharmacy and therapeutics committee established in the act. From this list, the committee recommends to the HCA and other agencies involved in state-purchased health care which drugs should be identified as preferred drugs. In making these recommendations, the committee considers the cost of the drugs, the impact of the drugs on the state's overall health expenditures, and the efforts of the drugs' manufacturer to provide medicines to all state residents at an affordable price.

Based on the recommendation of the committee, the HCA develops a preferred drug list, which may be revised annually. The HCA distributes the list to all providers in the state who prescribe for state program clients, asking each to endorse the list. Those providers choosing not to endorse the list must notify the HCA of such in writing.

Any pharmacist filling a prescription for a client of state-purchased health care from a provider who has endorsed the preferred drug list is required to substitute the preferred drug for any non-preferred drug in a given therapeutic category, unless the prescriber has indicated on the prescription that the drug must be dispensed as written, in which case the pharmacist must dispense the drug as written.

Any prescriber who does not endorse the preferred drug list may be subject to prior authorization as determined by each state health care agency. For those who endorse the list, prior authorization with regard to drug classes included on the preferred drug list is allowed in only limited circumstances.

The HCA is to implement a program that educates prescribers and state program clients on the cost-effective utilization of prescription drugs, with particular focus on those prescribers who frequently bypass the preferred drug list. The HCA will also study the feasability of a system to periodically provide a patient's complete drug profile to the patient's primary care provider, and design a uniform drug utilization review program to be adopted by each state agency that purchases or provides health care services. It must also design and implement pilot disease management programs for persons covered through state-purchased health care.

The HCA is authorized to engage in consolidated prescription drug purchasing. Local governments, private entities and persons lacking prescription drug coverage must be

provided an opportunity to participate in the purchasing cooperative resulting from the adoption of the preferred drug list.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For (Health & Long-Term Care): The bill will use the state's buying power to both save state health care programs needed money and lower the cost of prescription drugs for those without adequate savings. It will also improve the quality of patient care by reducing inappropriate drug utilization. The bill is sensitive to reducing administrative burdens on physicians and pharmacies. This will allow more time to go directly to patient care. The bill also offers an opportunity for private sector partnerships with the state.

Testimony Against (Health & Long-Term Care): This bill is not good for patients. There are other options available to reduce prescription drug expenditures that make more sense. This bill is not about being a prudent purchaser; rather, it places artificial and onerous restrictions on patient access to prescription drugs. It does not allow for sufficient patient participation in the decision-making process and will focus too much on cost. It may in fact increase overall health care expenditures and put patients at risk.

Testified (Health & Long-Term Care): Paul Guppy, Washington Policy Center; Jackie Der, UWMC/Harborview; PRO: Art Zoloth, Northwest Pharmacy Services; Ron Berg, AARP; Nick Federici, AARP, Lung Association; Allen Morrow, Senior Lobby; Barb Flye, Sara Merton, Victoria Doyle, Washington Citizen Action; Robby Stern, Washington State Labor Council; Eleanor Owen, WAMI; Lynn McKinnon, WPEA; Charlie Brown, Merck-Medco; Rev. Paul Benz, Lutheran Public Policy Office; Maureen Callaghan, Washington State Medical Association; Michael Shaw, American Heart Association; Rod Shafer, Washington State Pharmacists Association; Penny Nelson, Health Care Access Alliance; Ree Sailors, Governor's Executive Policy Office; CON: Cliff Webster, Pharmaceutical Research & Manufacturers of America.

Testimony For (Ways & Means): The bill would reduce administrative burdens on physicians, since they would not need to make a separate phone call in order for their patient to obtain the drug their physician believes is clinically necessary. Because of the "disperse as written" provisions, patients will be able to obtain the drugs they need, at a more affordable price.

Testimony Against (Ways & Means): The bill will result in increased costs because patients won't get the drugs they need when they need them. Rather than subjecting all patients to a preferred drug list, the state should focus on high utilizers.

Testified (Ways & Means): PRO: Carl Nelson, Washington State Medical Association; Bill Monto, Washington Citizens Action; CON: Cliff Webster, Pharmaceutical Research and Manufacturers Association.