

HOUSE BILL REPORT

ESSB 5904

As Reported by House Committee On:

Health Care

Title: An act relating to prescription drug assistance programs for seniors.

Brief Description: Concerning prescription drug assistance programs for seniors.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Deccio, Thibaudeau, Winsley, Franklin, Parlette, Keiser, Brandland, Benton, Carlson, Hale, Johnson, Kline, McAuliffe, McCaslin, Mulliken, Oke, Rasmussen, West, Finkbeiner, Kohl-Welles, Shin, Stevens, Esser, B. Sheldon and Hewitt).

Brief History:

Committee Activity:

Health Care: 3/27/03, 4/3/03 [DPA].

Brief Summary of Engrossed Substitute Bill (As Amended by House Committee)

- The Health Care Authority will negotiate price discounts with prescription drug manufacturers and pass along lower prices to consortium members.
- The Health Care Authority will establish a program to provide information about manufacturer-sponsored prescription drug assistance programs.

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: Do pass as amended. Signed by 9 members: Representatives Cody, Chair; Morrell, Vice Chair; Campbell, Clibborn, Darneille, Edwards, Moeller, Schual-Berke and Skinner.

Minority Report: Do not pass. Signed by 4 members: Representatives Pflug, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Alexander and Benson.

Staff: Dave Knutson (786-7146).

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 recent years, increasing around 18 percent a year for each of the last several years. This trend is expected to continue.

The rapid escalation in prescription drug expenditures is a financial burden 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. Those over 65 spend over twice the national average on prescription drugs each 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. It is estimated that between 50,000 and 60,000 seniors in this state whose family income is below 200 percent of the federal poverty level lack any sort of prescription drug coverage.

The Federal Centers for Medicare and Medicaid Services (CMS) is now offering states an opportunity to extend Medicaid prescription drug coverage to certain low-income elderly individuals who are not otherwise eligible for Medicaid. This coverage is made available through Section 1115 demonstration authority. The waiver is called "Pharmacy Plus." Five states have received waiver approval for their subsidy plans, while nine other states have filed applications.

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. Based on existing statutory authority, the Health Care Authority, Medical Assistance Administration, and Department of Labor and Industries have already initiated this process. Interest exists in extending this aggregate purchasing strategy to seniors who purchase drugs outside of current government programs or otherwise lack insurance coverage, and may have difficulty affording necessary medications.

Some who need prescription drugs may turn to the assistance programs sponsored by pharmaceutical manufacturers that offer drugs on a reduced or no-cost basis. There is concern that these programs are inconsistent and not easy to access.

Summary of Amended Bill:

The Department of Social and Health Services (DSHS) will seek a waiver of federal Medicaid rules to provide for a pharmacy plus prescription drug benefit.

The Health Care Authority must implement a program whereby it negotiates with prescription drug manufacturers for price discounts on drugs to be available to state-purchased health care programs and Washington residents who lack prescription drug coverage. Participants shall be charged an enrollment fee. The program is terminated within 12 months after the implementation of a Medicare prescription drug benefit.

The Health Care Authority will establish a Pharmacy Connection program through which health care providers and members of the public can obtain information about and help in accessing manufacturer-sponsored prescription drug assistance programs. Notice regarding the program is to initially target seniors, but the program is available to anyone, and includes a toll-free number that may be used to obtain information.

Each of the state's Area Agencies on Aging must implement a program to inform and train persons 65 and older in the safe and appropriate use of prescription and nonprescription medications. To further this purpose, DSHS must award a development grant of no more than \$25,000 to each of the agencies.

Amended Bill Compared to Engrossed Substitute Bill:

A study by the Washington Institute for Public Policy is deleted and replaced with a requirement that the Department of Social and Health Services seek a medicaid waiver to operate a pharmacy plus program. The Health Care Authority's prescription drug purchasing activities include the development of a preferred drug list and a consortium including residents without prescription drug coverage.

Appropriation: None.

Fiscal Note: Requested on April 1, 2003.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This is a good compromise that helps the most vulnerable seniors.

Testimony Against: This bill does not go far enough. It should include coverage for residents without prescription drug coverage. There is no need for the Institute for Public Policy to do a study. The Legislature should enact a pharmacy plus program now.

Testified: (In support) Senator Deccio, prime sponsor; and Cliff Webster, Pharmaceutical Research and Manufacturers of America.

(Opposed) Bill Monto, Washington Citizen Action.

(Concerns) Allen Morrow, Senior Lobby; Lonnie Johns-Brown, National Organization for Women; and Robby Stern, Washington State Labor Council.