

HOUSE BILL REPORT

HB 2469

As Reported by House Committee On:

Health Care
Appropriations

Title: An act relating to prescription drugs.

Brief Description: Authorizing certain state agencies to purchase prescription drugs from Canadian wholesalers and pharmacies.

Sponsors: Representatives Simpson, G., Campbell, Conway, Clements, Upthegrove, O'Brien, Cody, Cooper, Bush, Dickerson, Dunshee, Darneille, Hunt, Wood, Chase, Linville, Moeller, Morrell, Rockefeller, Clibborn, Lantz and Schual-Berke.

Brief History:

Committee Activity:

Health Care: 1/20/04, 1/22/04 [DP];

Appropriations: 2/3/04, 2/10/04 [DPS].

Brief Summary of Substitute Bill

- State agencies administering a state purchased health care program are authorized to purchase drugs from approved Canadian pharmacies or wholesalers.
- The Health Care Authority is authorized to purchase, or facilitate the purchase, of drugs from Canadian pharmacies or wholesalers.

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: Do pass. Signed by 8 members: Representatives Cody, Chair; Morrell, Vice Chair; Campbell, Clibborn, Darneille, Edwards, Moeller and Schual-Berke.

Minority Report: Do not pass. Signed by 5 members: Representatives Bailey, Ranking Minority Member; Alexander, Benson, Rodne and Skinner.

Staff: Dave Knutson (786-7146).

Background:

The combination of Canadian price controls and a favorable exchange rate between Canadian and United States currencies has created prescription drug prices in Canada that are between 30 and 80 percent less expensive than in the United States. Americans without prescription drug coverage have been purchasing prescription drugs through Canadian pharmacies or over

the Internet in order to take advantage of Canadian drug prices. Several states and political subdivisions in the United States are exploring ways to take advantage of the price differential between prescription drugs sold in Canada and the United States.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, (H.R. 1) authorized the importation of prescription drugs from Canada if several conditions are met. The Secretary of the Department of Health and Human Services is required to promulgate regulations permitting pharmacists and wholesalers to import prescription drugs from Canada into the United States. In addition, the Secretary is authorized to waive the ban on importation of prescription drugs in cases where the importation is clearly for personal use, and the prescription drug or device imported does not appear to present an unreasonable risk to the individual.

Summary of Bill:

State agencies administering a state purchased health care program are authorized to purchase drugs from approved Canadian pharmacies or wholesalers. The Health Care Authority is authorized to purchase, or facilitate the purchase, of drugs from Canadian pharmacies or wholesalers. The Health Care Authority will also develop a website to facilitate the purchase of prescription drugs from Canada by Washington residents.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This proposal will allow the state and individuals to save money on their prescription drug costs.

Testimony Against: It may be premature to move forward on a Canadian drug importation program before the federal government implements rules for this practice.

Persons Testifying: (In support) Representative G. Simpson, prime sponsor; Eleanor Owen, Older Women's League and Mental Health Association of Washington; and Sherry Appleton.

(Concerns) Lis Merten, National Association of Chain Drug Stores.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Buck,

Clements, Cody, Conway, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Ruderman and Schual-Berke.

Minority Report: Do not pass. Signed by 9 members: Representatives Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Anderson, Boldt, Chandler, Cox, Sump and Talcott.

Staff: David Pringle (786-7310).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Health Care:

The substitute bill makes the state agency bulk purchase of prescription drugs from Canada subject to authorization in federal statute or regulation. The substitute bill also adds a requirement that the Health Care Authority use the Pharmacy Connections program to provide information to Washington residents regarding opportunities to purchase prescription drugs from Canada in a manner best ensuring safety.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The purpose of this bill is to set the program up pending approval from the federal government. We are trying to get ahead of the game. Vermont has challenged the pharmaceutical industry and has prevailed. Washington research indicates that more is spent on advertising than research and development. For Medicare, we in Washington purchase one drug for \$61 million per year, and we could save over \$50 million if we bought from Canada. This bill would send a powerful message.

Testimony Against: Safety, efficacy, and price comparisons are unfair. Also, the program this bill establishes is illegal. My client (the Pharmaceutical Industry Association) is not the most credible on this issue, but there are legal and safety issues. It is also difficult to determine total savings. The Food and Drug Administration has been very vocal and clear that no other country meets our requirements.

Persons Testifying: (In support) Eleanor Owen, King County Mental Health Board.

(Opposed) Cliff Webster, Pharmaceutical Research and Manufacturers of America

Persons Signed In To Testify But Not Testifying: None.