

HOUSE BILL REPORT

SB 6088

As Passed House:

June 5, 2003

Title: An act relating to making prescription drugs more affordable to seniors, the disabled, and state health care programs.

Brief Description: Making prescription drugs more affordable to certain groups.

Sponsors: By Senators Deccio, Thibaudeau, Winsley, Swecker and Franklin.

Brief History:

First Special Session

Floor Activity:

Passed House: 6/5/03, 95-2.

Brief Summary of Bill

- Creates a prescription drug program to design and approve policies and programs related to purchasing and utilizing prescription drugs.
- Directs the Health Care Authority to negotiate price discounts for prescription drugs and pass savings on to participating individuals.
- Directs the Department of Social and Health Services to seek a federal waiver to provide a medicaid prescription drug benefit for senior citizens.
- Creates a prescription drug clearinghouse to assist seniors in obtaining prescription drugs through public and private programs.
- Provides grants to Area Agencies on Aging to assist seniors in the proper use of medications.

HOUSE COMMITTEE ON HEALTH CARE

Majority/Minority Report: None.

Staff: Dave Knutson (786-7146).

Background:

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. New, more expensive drugs, greater patient utilization, and price increases have all contributed to rapidly increasing prescription drug prices. 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.

State purchased health care programs have been heavily impacted by rapidly escalating prescription drug prices, prompting most states to adopt various strategies to control such expenditures. Many states are pursuing consolidated drug purchasing strategies designed to seek greater price discounts from pharmaceutical manufacturers.

Individuals who do not have prescription drug insurance coverage are forced to pay retail prices for prescription drugs, or seek lower cost drugs in Canada. Currently, the State of Washington does not assist senior citizens or individuals who are uninsured or under insured in paying for prescription drugs.

The Medicare program does not currently provide a prescription drug benefit for senior citizens. If a senior can afford to purchase a Medicare supplement policy, they can cover themselves for the cost of prescription drugs. Until the federal government acts to include prescription drug coverage for all seniors, a portion of the senior population will continue to lack coverage. Seniors are currently employing several strategies to obtain prescription drugs, including purchasing drugs out of the country, participating in pharmaceutical manufacturers free or reduced cost programs, and looking to state governments for assistance.

Governor Locke has directed the Health Care Authority, the Department of Social and Health Services, and the Department of Labor and Industries to establish a statewide Pharmacy and Therapeutics Committee, a preferred drug list, and a consolidated prescription drug purchasing program across state agencies that purchase prescription drugs.

Summary of Bill:

Current law authorizing state agencies to establish a drug formulary is amended to instead authorize an evidence-based prescription drug program. The program may include a preferred drug list, to which agencies must provide reasonable exceptions. Agencies must also adopt rules governing practitioner endorsement and use of any such list.

If a preferred drug has been identified for any state health care program, a pharmacist filling a prescription from a prescriber who has endorsed the drug list is generally required to substitute a preferred drug for a non-preferred drug. However, if the

prescriber indicates "dispense as written" or the prescription is for a refill of certain types of drugs identified in the bill, the pharmacist must dispense the prescribed nonpreferred drug and does not need additional authorization to do so. The pharmacists must notify the prescriber when a substitution is made and assumes no liability for the substitution.

In negotiating prescription drug price discounts for state agencies, the Health Care Authority must also negotiate such discounts for any Washington resident who is at least 50, or between 19-49 and disabled, whose family income does not exceed 300 percent of the federal poverty level and whose existing prescription drug need is not covered by insurance. Participants are charged an enrollment fee. The program is subject to sunset review and termination on June 30, 2010.

The Health Care Authority must also 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 must be available to anyone, and is to include a toll-free number that may be used to obtain information.

The Department of Social and Health Services (DSHS) is to design, and seek any federal waiver necessary to implement, a medicaid prescription drug assistance program. The program is to be available to any person eligible for Medicare or age 65 and older, whose family income does not exceed 200 percent of the federal poverty level, and will be designed consistent with standards established in the bill. The DSHS must report to the Legislature in November 2003 on financing options to support the program. It terminates within 12 months after implementation of any Medicare prescription drug benefit.

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, the DSHS will award a development grant averaging up to \$25,000 to each of the agencies.

By January 1, 2005, the DSHS and the Health Care Authority must submit a progress report regarding implementation of the act.

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: None.

Testimony Against: None.

Testified: None.