

# SENATE BILL REPORT

## E2SHB 1214

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As Reported By Senate Committee On:  
Health & Long-Term Care, April 2, 2003

**Title:** An act relating to prescription drugs.

**Brief Description:** Making prescription drugs more available.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Cody, Pflug, Conway, Cooper, McCoy, Berkey, Voloria, Schual-Berke, Bush, Lovick, Hunt, Campbell, Kirby, Hudgins, Dickerson, Pettigrew, Pearson, Wood, Fromhold, Upthegrove, Schindler, McDermott, Wallace, Rockefeller, Morrell, Simpson, Anderson, McMahan, Darneille, Chase, Woods and Clements; by request of Governor Locke).

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 3/20/03, 4/2/03 [DPA-WM].

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Deccio, Chair; Winsley, Vice Chair; Brandland, Franklin, Keiser, Parlette and Thibaudeau.

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

The increase in prescription drug expenditures has contributed to the significant growth in the cost of state health care programs in recent years. This has prompted many states to adopt strategies to control such expenditures, including consolidated drug purchasing strategies designed to obtain greater price discounts from pharmaceutical manufacturers. In Washington, the Governor has directed the establishment of a statewide pharmacy and therapeutics committee, a preferred drug list, and a consolidated prescription drug purchasing program across state agencies that purchase prescription drugs.

The Medical Assistance Administration has also initiated the Therapeutic Consultation Service (TCS) in its fee-for-service Medicaid program. Through TCS, clinical pharmacists interact with the prescriber to discuss less costly alternatives when a patient receives more than four brand name drugs in a month, or a nonpreferred drug. TCS also includes an intensive benefit management and an academic detailing component.

Interest also exists in extending this aggregate purchasing strategy to benefit those who purchase drugs outside of current government programs or otherwise lack insurance coverage,

and are having difficulty affording necessary medications. Some who need prescription drugs may also 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.

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 a demonstration waiver called "Pharmacy Plus." Five states have received approval for their waiver programs, while nine other states have filed applications.

**Summary of Amended Bill:** The Washington State Institute for Public Policy, with the assistance of the Department of Social and Health Services (DSHS), must report to the Legislature by November 15, 2003, on options for providing a state-subsidized drug benefit for low-income persons aged 65 and older under a waiver of federal Medicaid rules. The report is to assess the potential enrollment, costs, and offsetting savings of six alternative approaches to such a program. The approaches are to consist of three alternative benefit designs which would assist persons with incomes up to either 150 percent or 200 percent of the federal poverty level.

The Health Care Authority must implement a program whereby it negotiates with prescription drug manufacturers for price discounts on drugs to be available to any Washington resident who is at least 50, or between 19-49 and disabled, whose family income does not exceed 250 percent of the federal poverty level and who otherwise lacks prescription drug coverage. Participants are charged an enrollment fee. The program is terminated within 12 months after the implementation of a Medicare prescription drug benefit, or by June 30, 2009.

The Health Care Authority is also to 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.

DSHS and the Health Care Authority are to report to the Governor and the Legislature by January 1, 2005, regarding the implementation of the programs created in the act.

**Amended Bill Compared to Second Substitute Bill:** The language of the bill is stricken in its entirety and replaced with the language of ESSB 5904 as it passed the Senate.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** (original bill) It is very important that the Legislature do something this session to address the high cost of prescription drugs. The purchasing consortium in this bill is particularly important to those who are most vulnerable to high prices, such as seniors. The bill will reduce the current administrative burden on health care providers. The bill will help create a more functional marketplace for prescription drugs. It supports the decision-making rights of doctors.

**Testimony Against:** (original bill) By focusing simply on the cheapest drug, the preferred drug list program will not serve patients well. "One size fits all" does not work for medications. The legislation would inhibit access to drugs and interfere with the doctor/patient relationship. The bill reflects short-sighted fiscal policy that will increase other health care costs.

**Testified:** PRO: Representative Cody, prime sponsor; Ree Sailors, Governor's Executive Policy Office; Bill Daley, Office of the Insurance Commissioner; Steve Albrecht, Washington State Medical Association; Eleanor Owen, Mental Health Association of Washington; Kathleen Unmuth; Ron Sterling; Art Zoloth, Washington State Pharmacy Association; Ted Dahl, Senior Lobby; Sallie Winton, AARP; Ruth Sinton, Resident Councils of Washington; PRO WITH CONCERNS: Harrison John Fischer, NAMI-WA; Stu Halsan, Rite Aid; Tom Burns, GlaxoSmithKline. CON: Cliff Webster, PhRMA; Thom Murray, Arthritis Foundation; Joel Neier, Epilepsy Foundation of Washington; Skip Dreps, Paralyzed Vets; Lloyd Burroughs, National Black Veterans; Penny Nelson, Asthma and Allergy Foundation.