

SENATE BILL REPORT

SB 5489

As of February 9, 2003

Title: An act relating to the aggregate purchasing prescription drug discount program.

Brief Description: Creating the aggregate purchasing prescription drug discount program.

Sponsors: Senators Franklin, Thibaudeau, Keiser and Kohl-Welles.

Brief History:

Committee Activity: Health & Long-Term Care: 2/12/03.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

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 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. 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.

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 may have difficulty affording necessary medications.

Summary of Bill: The Health Care Authority (HCA) must implement a program to aggregate the purchase of prescription drugs for health care programs administered by state agencies. Under the program, the HCA is to negotiate price discounts with suppliers for prescription drugs purchased by the state or for which the state provides reimbursement. Such discounts must also be made available to certain state residents who are at least 55 years old or disabled.

Appropriation: None.

Fiscal Note: Requested on February 6, 2003.

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