

SENATE BILL REPORT

SB 5722

As of February 10, 2003

Title: An act relating to prescription drug access.

Brief Description: Establishing the prescription drug access board and state purchasing consortium.

Sponsors: Senators Deccio, Winsley, Swecker, Oke, T. Sheldon, Hewitt, Horn, Morton, Carlson, Honeyford, Mulliken, Schmidt, Johnson, Thibaudeau, Zarelli, Finkbeiner, Roach, Benton, McCaslin, Rasmussen 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. In the Medicaid program, for example, per capita prescription drug spending has grown an average of 17 percent per year over the last five years, accounting for 20 percent of all medical assistance expenditures and outpacing cost increases for any other factor.

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 state Health Care Authority, Medical Assistance Administration, and Department of Labor and Industries have already initiated this process.

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 prescription drug access board is created to negotiate prescription drug prices on behalf of a broad-based consortium of prescription drug purchasers consisting of state, local, and private entities, including individuals. The board is composed of seven

members appointed by the Governor, each representing a specified interest. Staffing and administrative support is provided by the Health Care Authority.

The Health Care Authority must also establish the purchasing consortium. Participation by local governments and private entities is on a voluntary basis. Those wishing to participate may be charged a fee to cover administrative costs.

Appropriation: None.

Fiscal Note: Requested on February 7, 2003.

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