

SENATE BILL REPORT

SB 6088

As Passed Senate, 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: Senators Deccio, Thibaudeau, Winsley, Swecker and Franklin.

Brief History:

First Special Session: Passed Senate: 6/5/03, 43-5.

Staff: Jonathan Seib (786-7427)

Background: Influenced by price increases, greater utilization, and changes in the types of drugs 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 a significant growth in the cost of state health care programs. This has prompted many states to adopt strategies to control such expenditures, including consolidated drug purchasing and the identification of "preferred drugs" based on cost-effectiveness.

In Washington, the Governor has directed the establishment of a statewide pharmacy and therapeutics committee to evaluate drug effectiveness, a preferred drug list, and a consolidated purchasing program among various state agencies. Practitioners to whom the list applies are allowed to prescribe other than an identified preferred drug, but only with the prior authorization of the relevant state agency.

Interest 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 assistance programs sponsored by pharmaceutical manufacturers that offer drugs on a reduced or no-cost basis. However, there is concern that these programs are inconsistent and not easy to access.

The federal Centers for Medicare and Medicaid Services (CMS) is also offering states an opportunity to extend Medicaid prescription drug coverage to certain low-income elderly and disabled individuals who are not otherwise Medicaid eligible. This coverage is made available through a demonstration waiver called "Pharmacy Plus." Several states have already received approval for their waiver programs.

At the local level, some programs exist intended to better educate seniors on safe and appropriate use of medications. This is also a means to reduce drug expenditures, and there is a desire to replicate these efforts around the state.

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

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

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.