

HOUSE BILL REPORT

SSB 5471

As Reported by House Committee On:

Health Care
Appropriations

Title: An act relating to authorizing a prescription drug purchasing consortium.

Brief Description: Authorizing a prescription drug purchasing consortium.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Thibaudeau, Keiser, Fraser, Berkey, Poulsen, Kline, Franklin, Brown, Haugen, McAuliffe, Rockefeller and Kohl-Welles; by request of Governor Gregoire).

Brief History:

Committee Activity:

Health Care: 3/18/05, 3/22/05 [DP];

Appropriations: 3/28/05, 3/29/05 [DP].

Brief Summary of Substitute Bill

- The Health Care Authority will establish a prescription drug purchasing consortium that may include private citizens, local governments, and other entities.

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: Do pass. Signed by 9 members: Representatives Cody, Chair; Campbell, Vice Chair; Morrell, Vice Chair; Appleton, Clibborn, Green, Lantz, Moeller and Schual-Berke.

Minority Report: Do not pass. Signed by 6 members: Representatives Bailey, Ranking Minority Member; Curtis, Assistant Ranking Minority Member; Alexander, Condotta, Hinkle and Skinner.

Staff: Dave Knutson (786-7146).

Background:

Agencies that administer state purchased health care programs participate in an evidence-based prescription drug purchasing program. Based on the findings of an independent pharmacy and therapeutics committee, a preferred drug list is established and negotiations with pharmaceutical manufacturers result in discounted prescription drug prices for state

purchased health care programs. Currently, only state agencies participate in the evidence-based prescription drug purchasing program.

Summary of Bill:

The Administrator of the Health Care Authority (HCA) will establish a prescription drug purchasing consortium, whose activities must be based on the state's existing evidence-based prescription drug purchasing program.

In addition to state agencies, the consortium may include, on a voluntary basis, local government, private entities, labor organizations, and individuals without insurance, or who are underinsured for prescription drug coverage. The HCA may impose fees on participants to cover the administrative expense of operating the purchasing consortium. An 11 member advisory committee is created to advise the HCA on the implementation of the purchasing consortium. The Joint Legislative Audit and Review Committee will complete a performance audit of consortium operations and outcomes by December 1, 2008.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: A larger purchasing pool will drive bigger discounts when negotiating with drug manufacturers.

Testimony Against: Any expansion of the existing drug purchasing program should be limited to units of local government.

Persons Testifying: (In support) Mike Kriedler, Insurance Commissioner; Christina Hulet, Governor's Office; Duane Thurman, Health Care Authority; Dr. Bob Crittenden, Washington Association of Family Physicians; Allen Morrow, Senior Citizen's Lobby; Lauren Moughon, American Association of Retired Persons of Washington; and Art Zoloth, Northwest Pharmacy Services.

(Opposed) Cliff Webster, Pharmaceutical Research Manufacturers of America.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 15 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Cody, Darneille, Dunshee, Grant, Haigh, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire and Schual-Berke.

Minority Report: Do not pass. Signed by 11 members: Representatives Alexander, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Bailey, Buri, Clements, Hinkle, Pearson, Priest, Talcott and Walsh.

Staff: David Pringle (786-7310).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Health Care:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The Governor sees tremendous value in this program. The prescription drug list has already yielded \$15 million in savings to the state, and is projected to save another \$56 million during the upcoming biennium. This bill extends similar benefits to individuals, private entities, and local governments. We need to build on this already successful program. Reject the arguments of the pharmaceutical companies and pass this bill. Savings come from these prescription drug list efforts because utilization patterns change based on evidence-based information applied throughout the process. It will drive down the costs of medicine to the state, local governments, and individuals. Please pass this along speedily.

Testimony Against: There are two parts to the bill. One relates to state agencies, the other relates to individuals and private entities. It is way more than the state can actually accomplish. By adding others into the pool, the same effect would happen here as happened in Ohio. We estimate that about 450,000 individuals might participate. We suggest that the state instead partner with the private sector programs that are already in operation, and we could be up and operating in fewer than six months.

Persons Testifying: (In support) Christina Hulet, Office of the Governor; and Bill Daley, Washington Citizen Action.

(Opposed) Cliff Webster, Pharmaceutical Research and Manufacturers of America.

Persons Signed In To Testify But Not Testifying: None.