SENATE BILL REPORT
SB 6471

As of February 4, 2016

Title: An act relating to promoting transparency of prescription drug pricing and costs.

Brief Description: Promoting transparency of prescription drug pricing and costs.

Sponsors: Senators Ranker, Jayapal, Darneille, Hargrove, Keiser, Rolfes, Hasegawa, Conway and Chase.

Brief History:
Committee Activity: Health Care: 2/02/16.

SENATE COMMITTEE ON HEALTH CARE

Staff: Kathleen Buchli (786-7488)

Background: At least six states have introduced pharmaceutical cost transparency bills requiring drug manufacturers to disclose specified information relating to the costs of these drugs. Bills vary by state but generally require pharmaceutical manufacturers to disclose wholesale acquisition cost, average wholesale cost, average wholesale price, research and development costs, manufacturing costs, marketing and promotional costs, and profits.

Summary of Bill: Each manufacturer of a prescription drug that is available in Washington with a wholesale acquisition cost of $10,000 or more annually or over the course of treatment must file an annual report with the Health Care Authority (HCA) on the costs of each drug. The manufacturer must include the following in the report:

- total costs of the drug's production, including: research and development costs of the manufacturer, research and development costs paid by any predecessor in the development of the drug, and research and development costs of any other entity such as government grants, subsidies, or other support; costs of clinical trials and other regulatory costs and those costs paid by any predecessor in the development of the drug; materials, manufacturing, and administration attributable to the drug; other acquisition costs such as patents, licensing, or acquisition of a corporate entity; and marketing and advertising costs;
- a cumulative annual history of average wholesale price and wholesale acquisition cost increases for the drug;
- total profit attributable to the drug; and

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- total amount of financial assistance the manufacturer has provided through patient prescription assistance programs.

The HCA must file an annual report with the Legislature outlining the information submitted to it by prescription drug manufacturers. It must also post the report on its website.

The HCA must develop a form for the prescription drug manufacturers to use in meeting their reporting requirements. The HCA must develop this form in conjunction with an advisory panel of representatives of the pharmaceutical industry, health care service plans and insurers, pharmacy benefit managers, governmental agencies, consumer advocates, and health care providers with prescribing authority.

Appropriation: None.

Fiscal Note: Requested on January 30, 2016.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill starts a dialog on the rising costs of prescription drugs. Prescription drug costs are included in the cost of health care premiums. The number of drugs available and the number of people taking them is increasing. We need to address the costs of prescription drugs and it is hard to do this without transparency. Drugs drive up the overall costs of health care. The increasing costs of drugs is not due to utilization, it is due to the costs per drug increasing. The prices of drugs are increasing at uncontrollable rates. Increased transparency is a good step and will empower the legislature to act. The costs of prescription drugs is an issue in the commercial market and for the state. New drugs are coming and they are expensive. We have seen transparency efforts in other areas of health care and issues such as confidential and proprietary information have been addressed previously. We need transparency to achieve our policy objectives. We support efforts to increase transparency in drug costs and pricing.

CON: The bill misses the value that these drugs provide to the people who are taking them for treatment of their medical conditions. Manufacturers that develop drugs understand that not every drug being developed gets through clinical trials and gets developed into a drug available to the public. We need to look at the value that the drugs provide to the system and the costs that are not incurred because a person is taking a drug. Research and development costs do not reflect how the companies operate and it cannot be tracked like a manufacturing process.

OTHER: We support accountability and transparency and pursuing new drug purchasing strategies.

Persons Testifying: PRO: Senator Ranker, prime sponsor; Jeff Rochon, Washington State Pharmacy Association; Andrea Tull, Coordinated Care; Amber Bronnum Moore, Group Health; Mel Sorensen , America's Health Insurance Plans; Sydney Zvara, Association of Washington Healthcare Plans.

CON: Jeff Gombosky, Pharmaceutical Research and Manufacturers of America; Vicki Christophersen, LifeScienceWA.

OTHER: Donna Sullivan, Health Care Authority.

Persons Signed In To Testify But Not Testifying: No one.