

# SENATE BILL REPORT

## SB 5995

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As Reported by Senate Committee On:  
Health & Long Term Care, February 1, 2018

**Title:** An act relating to protecting consumers and purchasers from excessive increases in generic prescription drug prices.

**Brief Description:** Protecting consumers and purchasers from excessive increases in generic prescription drug prices. [**Revised for 1st Substitute:** Protecting consumers and purchasers from excessive increases in prescription drug prices.]

**Sponsors:** Senators Keiser, Pedersen, Rolfes, Van De Wege, Liias, Hunt, Conway, Chase, Saldaña, Kuderer and Hasegawa.

**Brief History:**

**Committee Activity:** Health & Long Term Care: 1/16/18, 2/01/18 [DPS-WM, w/oRec].

**Brief Summary of First Substitute Bill**

- Directs the Washington State Institute for Public Policy (WSIPP) to conduct a study on prescription drug price increases, and report policy recommendations to the appropriate legislative Committees

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### SENATE COMMITTEE ON HEALTH & LONG TERM CARE

**Majority Report:** That Substitute Senate Bill No. 5995 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Cleveland, Chair; Kuderer, Vice Chair; Rivers, Ranking Member; Bailey, Conway, Keiser, Mullet and Van De Wege.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Becker and Fain.

**Staff:** LeighBeth Merrick (786-7445)

**Background:** The Health Care Authority's Prescription Drug Program produces a preferred drug list which is used by state agencies that purchase prescription drugs directly or through

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reimbursement to pharmacies. The prescription drugs and drug classes that are listed have undergone an evidence-based review of their safety, efficacy, and effectiveness.

Health plans may require health care providers to receive prior authorization for certain items and services before delivering the item or service to the client. Health plans use prior authorization to determine if the service or item is a benefit and meets the requirements for medical necessity, clinical appropriateness, level of care, or effectiveness.

The Consumer Protection Act authorizes the Attorney General's Office to take action against unfair methods of competition and unfair or deceptive practices in the conduct of any trade or commerce.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (First Substitute):** WSIPP must review, study, and report to the Legislature on policy recommendations for protecting consumers against excessive prescription drug price increase. The study must include a two year look back of prescription drug price increases where the wholesale acquisition cost increased by 100 percent or greater. The study does not apply to drugs priced less than \$25 for a 30-day supply, and to new prescription drugs. The report must be submitted to the appropriate legislative committees by November 30, 2018.

**EFFECT OF CHANGES MADE BY HEALTH & LONG TERM CARE COMMITTEE (First Substitute):**

- Converts the provisions in the bill to a study by directing WSIPP to conduct a study on prescription drug price increases, and report policy recommendations to the appropriate legislative committees.
- Expands the scope from generic prescription drugs to include all prescription drugs.

**Appropriation:** None.

**Fiscal Note:** Requested on January 8, 2018

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony on Proposed Substitute:** *The committee recommended a different version of the bill than what was heard.* PRO: Other states are implementing similar measures. Increases to generic drug price prices are purely financially driven and have little to do with health care delivery.

CON: Generic drugs represent 89 percent of prescription drugs dispensed but only 26 percent of the drug spending. Generic drugs save all payers and this bill does not address the real source of prescription spending.

OTHER: The prior authorization piece is counter to the intent of the bill. Prior authorization is highly burdensome for physicians but doesn't have any impact to the drug manufacturer. We appreciate that the pre-authorization section is optional and not a requirement.

**Persons Testifying:** PRO: Senator Karen Keiser, Prime Sponsor.

CON: Chris Bowlin, Association for Accessible Medicine.

OTHER: Lonnie Johns-Brown, Office of the Insurance Commissioner; Katie Kolan, Washington State Medical Association; Meg Jones, Association of Washington Healthcare Plans.

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