

HOUSE BILL REPORT

HB 2431

As Reported by House Committee On:

Health Care
Appropriations

Title: An act relating to development of a prescription drug education and utilization system.

Brief Description: Developing a comprehensive prescription drug education and utilization system.

Sponsors: Representatives Cody, Campbell, Sommers, Schual-Berke, Fromhold, Hunt, Doumit, McIntire, Lysen, Hatfield, Conway, Veloria, Chase, Ogden, Upthegrove, Romero, Santos, Kagi, Haigh, Wood, Kenney and Simpson.

Brief History:

Committee Activity:

Health Care: 1/22/02, 2/5/02 [DPS];

Appropriations: 2/7/02, 2/9/02 [DP2S(w/o sub HC)].

Brief Summary of Second Substitute Bill

- Directs the Health Care Authority to establish a drug education and utilization system including a state preferred drug list for use by state agencies that purchase or provide health care.
- Establishes at least two pilot disease management programs for persons receiving their health care coverage through state-purchased health care.

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Cody, Chair; Schual-Berke, Vice Chair; Campbell, Ranking Minority Member; Conway, Darneille, Edwards and Ruderman.

Minority Report: Do not pass. Signed by 4 members: Representatives Alexander, Ballasiotes, Benson and Skinner.

Staff: Dave Knutson (786-7146).

Background:

Many consumers, health care providers, and health care purchasers do not have all the information they need to make appropriate choices on the most therapeutic and cost-effective use of prescription drugs. Some specific diseases lend themselves to a coordinated disease management approach. It may be possible to improve patient outcomes and contain health care costs through the use of a disease management program that includes physicians, pharmacists, and other appropriate health care providers.

Summary of Substitute Bill:

The Health Care Authority, in concert with other state agencies that purchase prescription drugs, will establish a prescription drug education and utilization system to promote the therapeutic and cost-effective utilization of prescription drugs by health providers and residents of Washington. It will include a preferred drug list for state purchased health care. The preferred drug list will be developed using an objective process to determine which drugs within therapeutic classes are essentially equal in terms of safety and efficacy. The objective review of drugs will be conducted by a contracted third party and will be submitted to a pharmacy and therapeutics committee which will recommend which drugs should be placed on the state preferred drug list to the administrator of the Health Care Authority. The administrator of the Health Care Authority will develop the preferred drug list and each state agency that purchases or provides health care will use it. If a health care provider with prescriptive authority agrees to use the preferred drug list, there would be limited circumstances under which a state agency could use a prior authorization process for drugs listed on the preferred drug list. If a prescriber declines to endorse the preferred drug list, state agencies are authorized to utilize a broad scope of prior authorization actions. The administrator of the Health Care Authority is required to provide an opportunity for private entities, units of local government, and individuals who lack prescription drug coverage to participate in the purchasing cooperative created as a result of the preferred drug list. The opportunity must be provided within one year of the adoption of the preferred drug list. Another component of the program will be an education effort for physicians, other prescribers, and consumers on the therapeutic and cost-effective utilization of prescription drugs. It will also include a drug utilization review program to improve the quality of pharmaceutical care through appropriate and medically necessary prescriptions provided through state-purchased health care.

The Health Care Authority, in concert with other state agencies that purchase health care, will develop between two and five pilot disease management programs for individuals receiving state-purchased health care services. The Health Care Authority will determine which disease groups are appropriate for disease management.

Substitute Bill Compared to Original Bill:

The preferred drug program is initially limited to fee-for service prescription drug purchasing. The administrator of the Health Care Authority will determine when to expand the program to include bulk purchased drugs. The program will not apply to managed care clients, unless a managed care entity decides voluntarily to join the state program. Contraceptives are removed from the list of drug classes exempt from inclusion on the preferred drug list. State agencies will end existing prior authorization activities when a preferred drug is added to the list. Members of the pharmacy and therapeutics committee cannot be employed by or receive remuneration, grants, or other compensation from a pharmaceutical manufacturer, or be a state employee employed by an agency that administers "state purchased health care" as defined in statute. The drug utilization education council will cease to exist when the administrator of the Health Care Authority establishes a uniform drug utilization review program. Information obtained by the Health Care Authority or the pharmacy and therapeutics committee related to proprietary drug information is exempt from public inspection requirements. The consolidated drug purchasing account is established in the treasury. Fees received through the drug purchasing cooperative will be deposited in the account. The University of Washington and the Department of Veterans Affairs are exempt from participating in the preferred drug program if they are able to obtain drugs at a lower cost through other programs. The effective date is changed from May 1, 2002, to immediately upon the signature of the Governor.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The bill will reduce the administrative burden on doctors and other health care providers with prescriptive authority. It will also reduce the administrative burden imposed on pharmacists. It has the potential to bring competition to drug negotiations which will lower the cost of prescription drugs to the State agencies that purchase drugs. It will allow consumers to take advantage of lower drug prices through a purchasing cooperative they can join for a modest fee.

Testimony Against: Switching patients to a "preferred drug" could upset the stability of their treatment regimen. Creating a preferred drug list and imposing access barriers on patients who need non-preferred drugs will cause problems for patients whose care is paid for by the state. The state should look to disease state management, fraud and abuse detection and prevention, and enhanced drug utilization review and education as ways to improve patient treatment and control costs.

Testified: (In Support) Maureen Callahan, Washington State Medical Association; Rod

Shafer, Washington State Pharmacist's Association; Barb Flye and Marietta Milbert, Washington Citizens Action; Ron Berg, American Association of Retired Persons; Nick Federici, Lung Association; Craig Salins, Just Health Care; Allen Morrow, Senior Lobby; Ree Sailors, Office of Financial Management-Policy; Art Zoloth, Northwest Pharmacy Services; Betty Ness; Kay Unmuth; John Guevarra; Bob Fithian; Deana Knutsen; and Dan Smith, Washington Policy Center.

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

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Health Care. Signed by 14 members: Representatives Sommers, Chair; Doumit, 1st Vice Chair; Fromhold, 2nd Vice Chair; Cody, Dunshee, Grant, Kagi, Kenney, Kessler, Linville, McIntire, Ruderman, Schual-Berke and Tokuda.

Minority Report: Do not pass. Signed by 11 members: Representatives Sehlin, Ranking Minority Member; Alexander, Boldt, Buck, Clements, Cox, Lisk, Mastin, Pearson, Pflug and Talcott.

Staff: Dave Knutson (786-7146).

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

New drugs that are in a therapeutic class included on the preferred drug list and are therapeutically equivalent to drugs in that class are not subject to prior authorization. State agencies cannot impose sanctions or take punitive action against a prescriber who requests nonpreferred drugs more frequently than their peers, when the prescriber can justify their actions. A null and void clause is added.

Appropriation: None.

Fiscal Note: Requested on second substitute February 11, 2002.

Effective Date of Second Substitute Bill: The bill contains an emergency clause and takes effect immediately. However, the bill is null and void unless funded in the budget.

Testimony For: This bill will simplify procedures prescribers and pharmacists must follow when dealing with state purchased prescription drugs. It also offers people who are uninsured the possibility of lower drug prices. This new process should not restrict access to prescription drugs that are not on the preferred drug list.

Testimony Against: None.

Testified: (In support) Dr. Callaghan, Washington State Medical Association; Rod Schaefer, Washington State Pharmacy Association; Barbara Flye, Washington Citizen Action; and Lynn McKinnon, Washington Public Employees Association.

(Concerns) Brad Boswell, National Alliance on Mentally Ill.