

SENATE BILL REPORT

SB 6201

As of January 16, 2002

Title: An act relating to prescription drug prices.

Brief Description: Establishing the prescription drug price program.

Sponsors: Senators Franklin, Winsley, Thibaudeau, Gardner, Kohl-Welles, Kastama, Costa, Snyder, Shin, Regala, Constantine, Fairley, Fraser, Rasmussen, Prentice and Jacobsen.

Brief History:

Committee Activity: Health & Long-Term Care: 1/16/02.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Jonathan Seib (786-7427)

Background: The number of persons who rely on prescription medications to improve or maintain their health, and the number of prescriptions on which they rely, continues to grow steadily. According to one national study, since 1992 the number of prescriptions dispensed in retail pharmacies has increased at an average annual rate of 6 percent. The number of prescriptions dispensed per capita has grown overall by 50 percent.

At the same time, the average price of a prescription continues to rise, fueled by increases in manufacturer prices for existing drugs and by proportionately higher prices for newer, brand name drugs.

There is concern that increased drug costs pose particular difficulty for those who lack prescription drug insurance coverage, especially older persons on fixed incomes whose health is the most medication-dependant. Standard Medicare does not cover outpatient prescription drugs. At the state level, the Basic Health Plan includes prescription drug coverage, but is not open to anyone who is Medicare eligible.

Proposals have been adopted in a number of other states intended to address the need for affordable medications.

Summary of Bill: The prescription drug price program is established within the Department of Social and Health Services (DSHS) to lower prescription drug prices for uninsured and underinsured residents of the state.

Retail pharmacies are required to sell prescription drugs to Washington residents at discounted prices. The state then reimburses the participating pharmacies for the discounted amounts from a dedicated fund that is created with the money collected from rebates paid by participating drug manufacturers. The obligation to pay a rebate is triggered by the sale of the manufacturer's drugs to program enrollees through the participating pharmacies.

The Secretary of DSHS is to negotiate rebate agreements with manufacturers, taking into consideration the rebate required of manufacturers under the Medicaid program, and other available drug pricing information. A manufacturer not agreeing to a rebate may have its drugs subject to prior authorization under Medicaid and other state health care programs.

DSHS is to report the enrollment and financial status of the program to the Legislature each year.

Appropriation: None.

Fiscal Note: Requested on January 15, 2002.

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