

SENATE BILL REPORT

SB 5634

As of January 14, 2004

Title: An act relating to prescription drug marketing and disclosure.

Brief Description: Requiring the disclosure of gifts made by pharmaceutical manufacturers to persons who prescribe prescription drugs.

Sponsors: Senators Kohl-Welles, Prentice, Kline and Keiser; by request of Insurance Commissioner.

Brief History:

Committee Activity: Health & Long-Term Care: 2/12/03; 1/14/04.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Jonathan Seib (786-7427)

Background: Influenced by price increases, greater utilization, and changes in the types of prescriptions used, national expenditures for prescription drugs have been one of the fastest growing components of health care spending in the last decade, increasing more than 12 percent a year in seven of the last 13 years. Although they remain a relatively small proportion of total personal health care expenditures, the annual percent increases in spending for prescription drugs have been more than double those for other health care services since 1995.

There is concern that some of the increased expenditures may be due to inappropriate utilization driven by drug company marketing, particularly to physicians and other prescribers, and that consumers are generally unaware of the benefits received by prescribers from drug manufacturers.

Summary of Bill: Beginning January 1, 2005, every pharmaceutical manufacturing company must annually disclose to the State Board of Pharmacy the value, nature and purpose of any gift, fee or payment made to any: (1) person or entity authorized to prescribe or dispense prescription drugs; (2) hospital; (3) health benefit plan administrator; (4) group purchasing organization; (5) pharmacy benefit manager; or (6) other entity authorized to purchase prescription drugs in this state. The disclosure must also include the names of the persons to whom the gift, fee or payment was made.

The board must provide access to the disclosed information to the Office of the Attorney General, and report annually to the Legislature and the Governor on the disclosures made.

Drug samples for distribution to patients and anything valued at less than \$25 is not required to be disclosed.

The Attorney General may impose a civil penalty of not more than \$10,000 per violation on any manufacturer that fails to disclose as required by this act.

Appropriation: None.

Fiscal Note: Available.

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