

SENATE BILL REPORT

SB 5406

As of February 10, 2003

Title: An act relating to prescription drugs.

Brief Description: Making prescription drugs more available.

Sponsors: Senators Deccio, Thibaudeau, Kline, Kohl-Welles, Winsley, Eide and McAuliffe; by request of Governor Locke.

Brief History:

Committee Activity: Health & Long-Term Care: 2/12/03.

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 recent years, increasing around 18 percent a year for each of the last several years. This trend is expected to continue.

There is concern that the burden of increased prescription drug expenditures is particularly difficult for older persons and others who may be on fixed incomes and are more reliant on medications to stay healthy. According to one report, while seniors make up only 12 percent of the U.S. population, they consume almost 35 percent of all prescription drugs, with the average senior filling 18 prescriptions per year. Those over 65 spend over twice the national average on prescription drugs each year. It is estimated that between fifty and sixty thousand seniors in this state whose family income is below 200 percent of the federal poverty level lack any sort of prescription drug coverage.

The increase in prescription drug expenditures has also contributed to the significant growth in the cost of state health care programs in recent years. In the Medicaid program, for example, per capita prescription drug spending has grown an average of 17 percent per year over the last five years, accounting for 20 percent of all medical assistance expenditures and outpacing cost increases for any other factor.

Some suggest that state agencies could better maximize their purchasing power, and thereby reduce the amount they pay for prescription drugs, by aggregating their drug purchases. Based on existing statutory authority, the state Health Care Authority, Medical Assistance Administration, and Department of Labor and Industries have already initiated this process.

Interest also exists in extending this aggregate purchasing strategy to benefit those who purchase drugs outside of current government programs or otherwise lack insurance coverage, and may have difficulty affording necessary medications.

The federal Centers for Medicare and Medicaid Services (CMS) is now offering states an opportunity to extend Medicaid prescription drug coverage to certain low-income elderly individuals who are not otherwise eligible for Medicaid. This coverage is made available through Section 1115 demonstration authority. The waiver is called "Pharmacy Plus." Five states have received waiver approval for their subsidy plans, while nine other states have filed applications.

Some who need prescription drugs may turn to the assistance programs sponsored by pharmaceutical manufacturers that offer drugs on a reduced or no-cost basis. There is concern that these programs are inconsistent and not easy to access.

Summary of Bill: The Medicaid senior prescription drug program is established in the Department of Social and Health Services. The department is directed to obtain any federal waivers necessary to implement the program, which would be open to persons age 65 and older, with incomes up to 200 percent of the federal poverty level, who otherwise lack prescription drug coverage. The benefit design could be different than the drug benefit under the standard medical assistance program, and could include a premium and enrollee cost sharing. Enrollment could be limited to prevent an over expenditure of the program's appropriation. The program is terminated within 12 months after the implementation of a Medicare prescription drug benefit.

The Health Care Authority is directed to establish a statewide senior prescription drug information clearinghouse. The clearinghouse is to make information available and provide individual help regarding senior prescription drug assistance programs, and provide information about methods to purchase prescription drugs most cost effectively and efficiently.

The Health Care authority is directed to employ prescription drug purchasing methods including the establishment of a broad-based prescription drug purchasing consortium of state, local and private entities, including individuals. Participation by local governments or private entities is voluntary. Participants may be charged an administrative fee.

Appropriation: None.

Fiscal Note: Requested on February 6, 2003.

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