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## HOUSE JOINT RESOLUTION NO. 167

Offered January 24, 2000

*Establishing a joint subcommittee to study the feasibility of strengthening the Commonwealth's pharmacy purchasing ability for state programs and using savings generated to create and fund a pharmacy benefits program for low-income and uninsured elderly persons.*

Patrons—Thomas, Barlow, Bloxom, Bryant, Clement, Cranwell, Deeds, Dillard, Drake, Griffith, Hall, Hamilton, Ingram, Jackson, Keister, Landes, Orrock, Spruill, Stump, Tata, Tate, Van Landingham, Wagner, Weatherholtz, Williams and Woodrum

Referred to Committee on Rules

WHEREAS, the federal Medicare system, as originally designed and implemented in 1965, did not provide outpatient pharmacy benefits because many of the drugs now used to treat chronic diseases and diseases related to aging did not exist, and most treatment at the time emphasized surgery and hospitalization; and

WHEREAS, the federal Medicare program continues to lack an outpatient pharmacy benefit, despite general agreement that prescription drugs are critical to maintaining good health and raising the quality of life for millions of older Americans while avoiding higher health care costs, such as hospitalization; and

WHEREAS, according to the U. S. Congressional Budget Office, roughly half of the population age 65 and older have little or no prescription drug coverage; and

WHEREAS, a recent report on Medicare prescription drug coverage indicated that nearly half of Medicare beneficiaries have annual incomes less than \$15,000, and nearly one-third have annual incomes less than \$10,000; and

WHEREAS, in fiscal year 1999 more than 15,000 Medicare beneficiaries in Virginia had incomes at or below 100 percent of the federal poverty income guidelines, which qualified them for state Medicaid payments for their Medicare premiums, deductibles, and coinsurance, but they did not qualify for state Medicaid coverage for prescription drugs; and

WHEREAS, the prices of the 50 prescription drugs most used by older Americans have increased significantly faster than inflation in each of the past five years and rose by more than four times the rate of inflation during calendar year 1998; and

WHEREAS, the Families USA Foundation reported that the median net profit for manufacturers of the 50 prescription drugs most used by older Americans was 20 percent in 1998, 4.5 times larger than the median net profit of 4.4 percent for all Fortune 500 companies; and

WHEREAS, the Pharmaceutical Research and Manufacturers of America Foundation recently reported that more than 600 new medicines are being developed to treat major causes of disability among the aging; and

WHEREAS, a recent industry study indicated that new drugs cost on average more than twice as much as drugs available before 1992; and

WHEREAS, 14 states have developed state-funded pharmacy benefit programs, eight of which are targeted exclusively to individuals age 65 or older; and

WHEREAS, the Technical Advisory Panel of the Virginia Indigent Health Care Trust Fund, in response to House Joint Resolution 675 of the 1999 General Assembly, indicated that it is feasible to establish a pilot pharmacy program for the indigent; however, the cost of such a program would depend on the scope of benefits, the eligibility criteria and income limits, and the involvement of community organizations in supporting the program; and

WHEREAS, the cost to the Commonwealth to establish a pharmacy program for low-income and uninsured elderly Virginians could be partially offset by strengthening the Commonwealth's pharmacy purchasing power and consolidating pharmacy benefits paid through numerous pharmacy programs and thereby saving costs in existing programs; and

WHEREAS, the Commonwealth of Virginia spent more than \$50 million for pharmacy products for indigent persons through local health departments, free clinics, and community health centers, adult correctional facilities, and the state mental health and mental retardation system; and

WHEREAS, the Commonwealth of Virginia spent nearly \$329 million for pharmacy products through the Medicaid and state employee health benefits programs in fiscal year 1999; and

WHEREAS, the cost to the Commonwealth for pharmacy expenditures, for both existing and potentially new pharmacy benefit programs could be further reduced if Virginia could pool its purchasing arrangements for pharmacy products with other states; now, therefore, be it

INTRODUCED

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60 RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be  
61 established to evaluate the feasibility of (1) strengthening the Commonwealth's pharmacy purchasing  
62 ability and lowering the cost of existing pharmacy benefit programs for which state general funds are  
63 expended by consolidating pharmacy purchases and/or pursuing cooperative arrangements with other  
64 states to pool pharmacy purchases; and (2) using the savings generated from these arrangements to  
65 establish a pharmacy benefit program for low-income and uninsured elderly. The joint subcommittee  
66 shall be composed of 16 members to be appointed as follows: seven members of the House of Delegates  
67 to be appointed by the Speaker of the House; four members of the Senate to be appointed by the Senate  
68 Committee on Privileges and Elections; and the Secretary of Health and Human Resources, the Secretary  
69 of Administration, the Commissioner of Health, the Director of the Department of Personnel and  
70 Training, and the Director of the Department of Medical Assistance Services, who shall serve ex officio  
71 without voting privileges.

72 The direct costs of this study shall not exceed \$13,750.

73 The Division of Legislative Services shall provide staff support for the study. All agencies of the  
74 Commonwealth shall provide assistance to the joint subcommittee, upon request.

75 The joint subcommittee shall complete its work in time to submit its findings and recommendations  
76 to the Governor and the 2001 Session of the General Assembly as provided in the procedures of the  
77 Division of Legislative Automated Systems for the processing of legislative documents.

78 Implementation of this resolution is subject to the subsequent approval and certification by the Joint  
79 Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the  
80 study.