

SENATE JOINT RESOLUTION NO. 58

Directing the Joint Commission on Health Care to study the success of other states in improving services and lowering costs of health care and prescription drugs to Medicaid recipients through public-private partnerships, including other states' disease management programs, and to recommend whether Virginia should adopt similar programs. Report.

Agreed to by the Senate, February 17, 2004
Agreed to by the House of Delegates, March 9, 2004

WHEREAS, national average annual health care costs have increased by 59.4 percent since 1999 from \$3,907 to \$6,227 per employee and are projected to increase by another 12.6 percent in 2004 to \$7,009 per employee; and

WHEREAS, prescription drug costs have been and continue to be a major component of these cost increases, having experienced double-digit increases in per capita spending during the 1998-2002 period ranging from 12.4 to 19.5 percent, and with projected health plan costs for prescription drugs increasing by 18.1 percent for retail costs and 17.4 percent for mail order costs in 2004; and

WHEREAS, the Joint Legislative Audit and Review Commission, in a 2002 update on state spending, identified state medical assistance services (Medicaid) as the highest-growth program from Fiscal Year 1981 through Fiscal Year 2001, during which it grew by \$2.5 billion, accounting for 14.6 percent of total budget growth, and during that same period, the numbers of people served by Medicaid increased by 131 percent, while the state's population grew by only 32 percent; and

WHEREAS, projected baseline growth in the Medicaid program during the 2004-2006 biennium will result in \$800 million of additional costs to the state and federal governments for the health care needs of Medicaid recipients; and

WHEREAS, in June 2001, Florida enacted a Medicaid initiative allowing it to negotiate directly with drug companies for rebates in addition to those provided by the federal Medicaid Drug Rebate Program; and

WHEREAS, Florida expects to save \$214 million per year, or about 15 percent of its Medicaid drug budget through its own negotiations with drug manufacturers and through implementation of a preferred drug list with prior authorization; and

WHEREAS, the Florida law also allows the Florida Agency for Health Care Administration to negotiate supplemental rebates from pharmaceutical manufacturers that are in addition to those required under the federal Medicaid Drug Rebate Program; and

WHEREAS, Florida is the first state since federal Medicaid laws were overhauled in 1990 to overcome drug company opposition and create a mandatory, preferred drug list that would require additional discounts from manufacturers for steering Medicaid recipients toward products on the list; and

WHEREAS, the law also allows a company to provide value added services, such as disease management, instead of offering a rebate; and

WHEREAS, results of disease management studies conducted around the country indicate that closely managing patients with chronic diseases can reduce the higher costs of services the patients often require and at the same time improve quality of care for the patient; and

WHEREAS, disease management also can prevent or delay the onset of the more severe stages of a disease; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Commission on Health Care be directed to study the success of other states in improving services and lowering costs of health care and prescription drugs to Medicaid recipients through public-private partnerships, including other states' disease management programs, and to recommend whether Virginia should adopt similar programs.

In conducting its study, the Commission shall examine the other states' programs for improving services and lowering costs of health care and prescription drugs through agreements with the private sector, including Florida's Medicaid Initiative and its Medicaid Disease Management Initiative.

Technical assistance shall be provided to the Commission by the Virginia Department of Medical Assistance Services. All agencies of the Commonwealth shall provide assistance to the Commission for this study, upon request.

The Joint Commission on Health Care shall complete its meetings by November 30, 2004, and the Chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the 2005 Regular Session of the General Assembly. The executive summary shall state whether the Joint Commission on Health Care intends to submit to the General Assembly and the Governor a report of its findings and recommendations (for

publication as a document). The executive summary and report shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.