

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: SB1158

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Saslaw

3. Committee: Commerce and Labor

4. Title: **Workers' Compensation; use of therapeutically equivalent drug products.**

5. Summary: Requires a pharmacist filling a prescription for medication for a workers' compensation claim to dispense a therapeutically equivalent drug product for a prescribed name-brand drug product. However, the pharmacist shall fill the prescription with the name-brand drug product prescribed if (i) a therapeutically equivalent drug product does not exist or costs more than the prescribed name-brand drug product or (ii) the prescriber specifies on the prescription brand medically necessary; based on a medical reason why the claimant should not have the prescription filled with a therapeutically equivalent drug product.

6. Fiscal Impact Estimates: Indeterminate

7. Budget Amendment Necessary: No

8. Fiscal Implications: This legislation should reduce the cost of prescriptions paid by the State Employees Workers' Compensation Services. The program currently uses a pharmacy vendor for many prescriptions filled under the program. Employees may elect to fill prescriptions through a pharmacy of their choice, pay out of pocket and file with the program for reimbursement. Those out of pocket prescription fill statistics are not represented in the statistics below.

Prescriptions are filled through the vendor with generics when the physician's prescription allows for the substitution. In FY 2008, 33,251 prescriptions were filled through the Workers' Compensation program vendor at a cost of \$4,450,501.34. Out of this total amount, 11,777 prescriptions (35.42 percent) were filled with name brands at a cost of \$2,915,514.20 and 21,474 prescriptions (64.58 percent) were filled with generics at a cost of \$1,534,987.14. Although more than twice as many drugs were filled with generics as with brand name drugs, the utilization dollars were reversed, with 65.51 percent of the cost of drugs going to brand name drugs and only 34.49 percent of the cost going to generic drugs. A study was obtained from the vendor to provide a one month comparison snapshot of the cost of prescriptions filled with generics vs. what the cost would have been to fill with name brand drugs. For the month of October, 2008, the study showed 1,596 generic prescriptions filled at a cost of \$140,026.27. If the same prescriptions had been filled with the equivalent name brand drug, the cost to the program would have been \$286,868.21, a savings of 51 percent.

9. Specific Agency or Political Subdivisions Affected: Workers' Compensation Commission,
Department of Human Resource Management

10. Technical Amendment Necessary: No

11. Other Comments: Identical to HB 1674

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