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HOUSE JOINT RESOLUTION NO. 128

Offered January 13, 2010

Prefiled January 13, 2010

Directing the Joint Legislative Audit and Review Commission to study the feasibility of a gross receipts assessment on pharmaceutical manufacturers to fund substance abuse treatment and prevention in the Commonwealth. Report.

Patrons—Phillips; Senator: Puckett

Referred to Committee on Rules

WHEREAS, prescription medications offer substantial benefits when used as intended and as prescribed by a health care professional, but can result in serious negative consequences to the individual and society when used in an inappropriate or illegal manner; and

WHEREAS, inappropriate use and abuse of prescription drugs includes the taking of prescription medication by a person other than the person for whom it was prescribed, or the taking of a prescription medication for a nonmedical use, or in a manner other than as prescribed, and can result in physical dependence and addiction; and

WHEREAS, the National Institute on Drug Abuse estimates that in 2008, 15.2 Americans aged 12 and older had taken a prescription drug including pain relievers, tranquilizers, stimulants, or sedatives that were prescribed for someone else, for nonmedical purposes, or for a purpose or in a manner other than as prescribed, at least once in the past year; and

WHEREAS, Monitoring the Future, an annual survey of approximately 46,000 students in the eighth, tenth, and twelfth grades conducted by the National Institute on Drug Use, the National Institutes of Health, and the U.S. Department of Health and Human Services in 2008, found that while use of many drugs, including amphetamines, cocaine, crack, methamphetamine, and crystal methamphetamine, declined somewhat between 2007 and 2008, continuing a trend of gradually declining use, and use of marijuana, inhalants, hallucinogens, ecstasy (MDMA), sedatives (barbiturates), tranquilizers, and heroin held steady between 2007 and 2008 at levels lower than peak rates of use, use of narcotics other than heroin, including OxyContin, Vicodin and similar prescription medications, continued to hold steady at a historically high rate of use among students surveyed; and

WHEREAS, the Joint Legislative Audit and Review Commission reported that approximately 517,000 Virginians, or eight percent of the population of the Commonwealth, used or abused substances in 2007; and

WHEREAS, illegal or inappropriate substance use and abuse has been found to impose significant costs on the Commonwealth, with a 2007 study completed by the Joint Legislative Audit and Review Commission estimating that substance abuse cost the state and local governments of the Commonwealth approximately \$613 million, with approximately \$586 million spent on public safety costs related to substance abuse, and \$27 million spent on health care costs associated with substance abuse; and

WHEREAS, Virginia's Office of the Chief Medical Examiner reports that between 2003 and 2007, the last year for which data is currently available, the number of drug-caused deaths in the Commonwealth rose from 564 deaths in 2003 to 717 deaths, or 8.9 deaths per 100,000 people, in 2007, with a substantial majority of such deaths linked to the use or abuse of prescription medications; and

WHEREAS, a number of studies indicate that effective prevention programming can delay initiation of substance use among youth, and reduce the number of first-time substance users significantly, including a 2009 study by the Center for Substance Abuse Prevention of the United States Department of Health and Human Services' Substance Abuse and Mental Health Services Administration, Substance Abuse Prevention Dollars and Cents: A Cost Benefit Analysis, which found that effective prevention programming could have reduced the number of youth initiating illegal or inappropriate substance use by as many as 1.5 million youth nationally, and could have delayed initiation of substance use by an average of two years; and

WHEREAS, a number of studies have found that effective prevention programming can reduce costs associated with substance use and abuse by up to \$18 saved per \$1 invested in substance abuse prevention programming; and

WHEREAS, additional studies have found that effective substance abuse treatment can further lower the costs associated with substance use and abuse, including the National Treatment Improvement Evaluation Study, a congressionally mandated study conducted by the Substance Abuse and Mental Health Services Administration, which found significant decreases in substance use (ranging from a 73 percent to a 38 percent decrease) following treatment, a 64 percent reduction in arrests, and even greater

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59 reductions in self-reported participation in illegal activities such as selling drugs, declines in health care
60 costs, increases in employment, and a lower reliance on public benefits programs; and

61 WHEREAS, requiring a gross receipts assessment on manufacturers and labelers of prescription
62 medications, especially prescription medications that are prone to abuse, including opioids and
63 benzodiazepines, could provide a source of funding for substance abuse prevention and treatment in the
64 Commonwealth, reducing the negative effects of substance abuse in the Commonwealth, and the human
65 and fiscal costs associated with substance abuse in the Commonwealth; now, therefore, be it

66 RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and
67 Review Commission be directed to study the feasibility of a gross receipts assessment on pharmaceutical
68 manufacturers doing business in the Commonwealth and use of funds collected to fund substance abuse
69 treatment and prevention programs.

70 In conducting its study, the Joint Legislative Audit and Review Commission shall (i) review
71 legislation and activities in other states related to imposition of assessments, fees, or taxes on
72 manufacturers or labelers of substances that are prone to abuse; (ii) determine the fiscal and other
73 impacts of such an assessment on the Commonwealth; (iii) determine the amount of funding that could
74 be made available for substance abuse prevention and treatment services through such an assessment;
75 and (iv) provide recommendations related to the feasibility of imposing a gross receipts assessment on
76 pharmaceutical manufacturers to fund substance abuse treatment and prevention, including an assessment
77 rate.

78 All agencies of the Commonwealth shall provide assistance to the Joint Legislative Audit and Review
79 Commission for this study, upon request.

80 The Joint Legislative Audit and Review Commission shall complete its meetings for the first year by
81 November 30, 2010, and for the second year by November 30, 2011, and the chairman shall submit to
82 the Division of Legislative Automated Systems an executive summary of its findings and
83 recommendations no later than the first day of the next Regular Session of the General Assembly for
84 each year. Each executive summary shall state whether the Joint Legislative Audit and Review
85 Commission intends to submit to the General Assembly and the Governor a report of its findings and
86 recommendations for publication as a House or Senate document. The executive summaries and reports
87 shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for
88 the processing of legislative documents and reports and shall be posted on the General Assembly's
89 website.