



Family Matters

Prescription Drug Update

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A Family Impact Seminar Newsletter for Wisconsin Policymakers

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What's New in the States?

Currently 40 states are debating legislation to help constituents with prescription drug costs, although efforts are being dampened by tight state budgets. According to the National Conference of State Legislatures, 20 states have passed subsidy programs to help low-income seniors pay for prescription drugs, mostly through tobacco settlement money.

Currently 17 states are debating bills to expand the pool of people eligible for federally-mandated discounts available to Medicaid recipients, and 14 states are considering state-enforced price regulations. Multi-state purchasing pools are being considered in the Northwest similar to efforts in the Northeast and Southwest. The Washington State Senate passed a resolution to create a prescription-drug purchasing pool which brings together the public-employee health-insurance plans of Washington, Alaska, Idaho, Montana, and Oregon in an effort to extract larger discounts from drug manufacturers.

This summer Iowa is slated to begin operation of their Consumer Value Plan, a new approach which requires little state funding but has the potential to lower prescription drug costs and improve consumer health. According to Stephen Schondelmeyer of the PRIME Institute in Minnesota, physicians and pharmacists will conduct drug assessments for individual consumers. These assessments identify all drugs a consumer is using (including over-the-counter medications and vitamin supplements) to evaluate the need for the medications, their cost, and effectiveness.

The Family Impact Seminars have contacted several resource people who are willing to talk with Wisconsin legislators about the prescription drug programs being enacted by states around the country. We list below three leading experts who are willing to provide you with up-to-date information on established and emerging state efforts.

Subsidy Programs

Tom Snedden who directs the largest prescription drug program for older adults in the country is willing to describe his experiences with Pennsylvania's (PACE) Program. He can respond to questions concerning

- ✦ How much Pennsylvania's subsidy plan costs per person;
- ✦ How to determine which drugs to include or exclude;
- ✦ How to set eligibility requirements;
- ✦ Whether to include cost-of-living adjustments; and
- ✦ How to cut costs.

Tom Snedden can be contacted at (717) 787-7313, tsnedden@state.pa.us.

Expanding Medicaid Discount Prices

Richard Cauchi and Karmen Hanson of the National Conference of State Legislatures keep a database of all state prescription drug programs in the country. They can respond to questions concerning:

- ✦ Medicaid discount programs that require pharmacies in the Medicaid program to provide the same drug prices to Medicare beneficiaries. These programs are operating in California, Florida, and 15 other states.
- ✦ Attempts by states to expand Medicaid discount prices through waivers from the Health Care Financing Administration (HCFA). These waivers allow higher income seniors to be considered a special category of Medicaid. The pharmaceutical industry recently filed a lawsuit against HCFA in response to this approach.

State-Enforced Price Regulations

- ✦ Maine is the only state that currently has state-enforced price regulations in place, although this strategy for controlling prescription drug costs is currently being considered in 14 other states.

Richard Cauchi can be reached at (303) 894-3154; or Karmen Hanson can be reached at (303) 839-0322, karmen.hanson@ncsl.org.

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Connecting with UW Faculty

Questions on prescription drugs? Contact the following two faculty from the Sonderegger Research Center for Social and Administrative Pharmacy at UW-Madison.

Professor David H. Kreling

Dr. Kreling has published 30 scientific articles on pharmacy economics and policy. He has also published eight reports including the Kaiser Family Foundation's, "Prescription Drug Trends: A Chartbook." He has conducted briefings on prescription drugs for legislative staff on Capital Hill, policymakers, researchers, corporate pharmacy executives, pharmacists, and the media. Dr. Kreling can discuss strategies states use to cut prescription drug costs. Contact him at (608) 262-3454, dhkreling@pharmacy.wisc.edu.

Professor David A. Mott

Dr. Mott's research interests include pharmacy labor economics, the role of prescription drug insurance in drug therapy decision making, and employer-employee decision making regarding health insurance. He also co-authored the Kaiser Family Foundation's "Prescription Drug Trends: A Chartbook." Dr. Mott can answer questions concerning reasons for the rapid increase in prescription drug costs. Contact him at (608) 265-9268, dammott@pharmacy.wisc.edu.

Check Out These Websites

Interested in keeping up to date on recent developments in the area of prescription drugs?

Kaiser Family Foundation

www.kff.org

National Conference of State Legislatures

www.ncsl.org



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Family Matters is a newsletter for state policymakers published by the Wisconsin Family Impact Seminars (WISFIS). WISFIS connects research and policymaking, and examines the impact of policies on families. The seminars provide objective, nonpartisan information on a range of policy options. WISFIS is a joint effort of University of Wisconsin-Extension and the Center for Excellence in Family Studies in the School of Human Ecology at the University of Wisconsin-Madison.

This newsletter was written by Karla Balling and Karen Bogenschneider, and designed by Meg Wall-Wild.

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For further information, contact Karla at (608) 262-6766, kballing@students.wisc.edu, or Karen at (608) 262-4070, kpbogens@facstaff.wisc.edu.

Family Matters is on the web at:

<http://www.uwex.edu/ces/familyimpact/newsletters.htm>

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Policy Resources from the Wisconsin Family Impact Seminars

Two Wisconsin Family Impact Seminars were held in January and March on prescription drugs: “Rising Prescription Drug Costs: Reasons, Needs, and Policy Responses” and “Designing a State Prescription Drug Benefit: Strategies to Control Costs.”

Audiotapes of the seminars can be ordered from Mari Hansen at (608) 262-0369. For legislators, hard copies of the briefing report can be ordered from Mari at (608) 262-0369. For others, the reports can be purchased from Extension Publications at (608) 262-3346. The reports are also available in pdf format at:

<http://www.uwex.edu/ces/familyimpact/wifis.htm>.



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Consumer Value Programs

Several states are exploring consumer value programs that require little state investment. Professor Stephen Schondelmeyer of the PRIME Institute is an expert in this area. These plans

- ★ Encourage collaboration between doctor, pharmacist, and consumer to ensure less costly and more efficient drug therapy;
- ★ Conduct personal inventories of drug use;
- ★ Require an enrollment fee of about \$40 (paid by the consumer) which is estimated to save 2 to 10 times this initial cost; and
- ★ Use state funds to cover only administrative costs.

Multi-State Plans

According to Stephen Schondelmeyer, opportunities exist for states from the Midwest to work together on a multi-state prescription drug program. The advantages of multi-state programs include

- ★ The ability to cut administrative costs by collaborating on subsidy or consumer value programs;
- ★ Increased leverage in extracting larger discounts from pharmaceutical companies; and
- ★ Enhanced potential to negotiate better rebates from manufacturers.

Stephen Schondelmeyer is a professor of Pharmaceutical Economics at the University of Minnesota and director of the PRIME Institute. He can be contacted at (612) 624-9931, schon001@umn.edu.

Featured Report

Report to the President : Prescription Drug Coverage, Spending, Utilization, and Prices

This April 2000 report by the US Department of Health and Human Services summarizes what we know about prescription drug coverage, pricing, use, and spending. The report highlights drug spending by people of different ages, incomes, and geographic regions. For example, in 1996, the *Midwest* had the highest percentage of drug coverage in the country:

National	77.0%
Northeast	78.6%
<i>Midwest</i>	80.6%
South	73.7%
West	76.9%

In 1996, the *Midwest* also has higher prescription drug spending and health spending per person than the national averages.

	<i>Midwest</i>	National
Average Rx spending per capita:	\$305	\$265
Average spending – with coverage:	\$341	\$315
Average spending – without coverage:	\$120	\$103
Percent of individuals with at least one prescription	68%	65.2%
Average Rx spending per user:	\$448	\$406
Average health spending:	\$2,435	\$2,081

This report can be ordered or downloaded at:

<http://aspe.hhs.gov/health/reports/drugstudy/index.htm>.