

5. POLICY POSITION

CONSIDERATION OF LEGISLATION WHICH WOULD ENABLE STATES TO NEGOTIATE DRUG PRICE REDUCTIONS FOR MEDICAID PRESCRIPTION DRUGS

Background

Major concerns have been raised about the impact of skyrocketing prescription prices and their impact on the ability to assure access to affordable life-sustaining medications to Medicaid recipients.

The U. S. Senate Special Committee on Aging completed a yearlong investigation, which revealed that increases in prescription drug prices have tripled in the last decade. This increase is three times the general inflation rate.

The Medicaid Prescription Drug Program is paying \$3.5 billion dollars for drugs for medically indigent patients, which is in excess of 40 percent more than hospitals, HMO's, and the Department of Veterans' Affairs pay for the same drugs.

U. S. Senator David Pryor of Arkansas introduced the Pharmaceuticals Access and Prudent Purchasing Act of 1990 (PAPPA) to provide a control mechanism for Medicaid prescription drug prices, while assuring that beneficiaries receive quality medical care, and that the physicians' prerogative to prescribe medically necessary medications is preserved.

PAPPA encourages states to have their own drug price control programs, which will stimulate price competition among manufacturers of drugs which are therapeutic alternates. It is estimated that PAPPA will save at least \$25 million annually.

Recommendation

The Southern Legislative Conference encourages an open dialogue on provisions of the Pharmaceuticals Access and Prudent Purchasing Act of 1990, S2605.

Full hearings should be held by the proper Senate Committee and appropriate committees of the House before any action is taken on this bill.

Adopted by the Southern Legislative Conference
July 25, 1990