Pharmaceutical Bulk Purchasing: Multi-state and Inter-agency Plans, 2007 edition

Updated: September 20, 2007

Prescription drug costs and access continue to have a substantial impact on state budgets and state decisionmaking. One strategy that is attracting growing attention is the idea of bulk, "consolidated" or "aggregate" purchasing of pharmaceuticals, designed to achieve a lower price for all those included. Since 1999, when Massachusetts enacted authorization for an ambitious statewide bulk Rx plan, several states, agencies and organizations have explored or promoted bulk purchasing. This web-based report provides an overview and links to laws, activities and analyses of this approach.

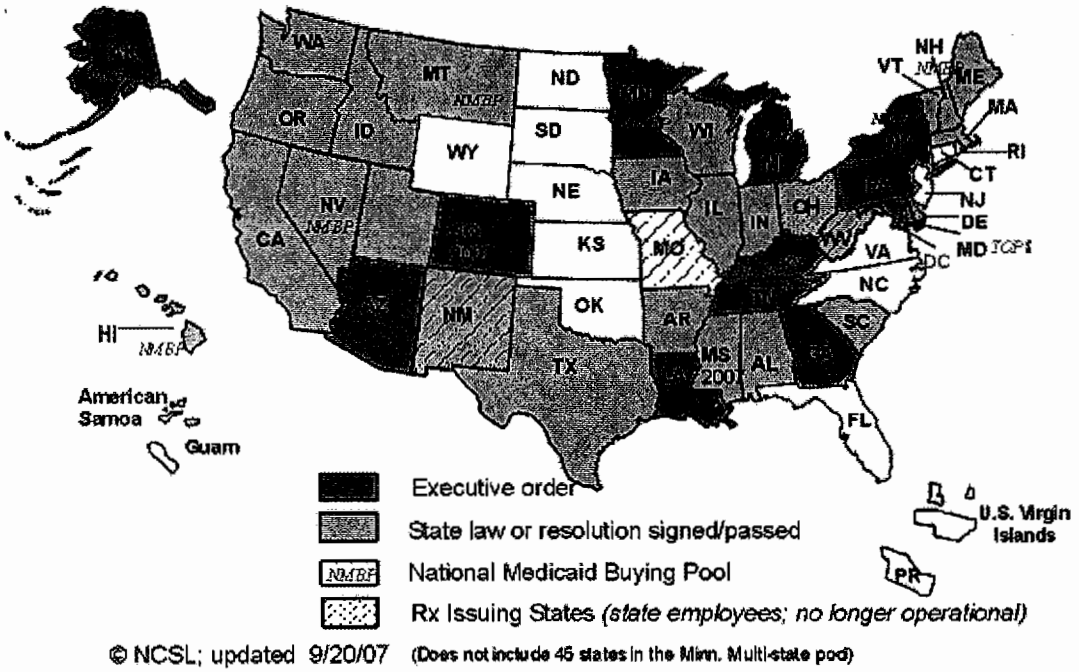
For the past four years, major news stories proclaimed "*Purchasing Pools Let States Buy in Bulk, Save on Medicaid,*" "*States Organizing a Nonprofit Group to Cut Drug Costs*"and "*Feds OK Prescription Drug Pools.*" Behind the headlines are more than five years of exploration, studies and lawmaking by state legislators and agencies, from Georgia to Maine and Texas to Alaska.

Operational Programs: As of early 2007, there are five operating multi-state bulk buying pools, not counting several additional variations and single state-initiatives:

1. The "**National Medicaid Pooling Initiative**" (**NMPI**) was first announced in early 2003 with four states. As of mid 2006 the total number of pooled states is ten: **Alaska, Hawaii, Kentucky, Michigan, Minnesota, Montana, Nevada, New Hampshire, New York** and **Tennessee.** Vermont was a founding member, but shifted to the Sovereign States pool as of Jan. 2006.
2. **Top Dollar Program (TOP$)**^{SM} is the State Medicaid Pharmaceutical Purchasing Pool started by Provider Synergies, for **Louisiana, Maryland** and **West Virginia** in 2005. **Delaware, Idaho, Pennsylvania** and **Wisconsin** joined more recently for a total of seven participants as of April 2007.
3. The **Sovereign States Drug Consortium** (**SSDC**) founded in October 2005 in Massachusetts. **Iowa, Maine** and **Vermont** are operational members as of June 2007, with **Utah** seeking federal approval.
4. **The Northwest Prescription Drug Consortium** (**NPDC**) combines Rx programs in **Oregon** and **Washington,** effective 2007.
5. **The Minnesota Multistate Contracting Alliance for Pharmacy** (**MMCAP**), which was founded in the mid-1990s and combines agencies and clinics in 45 states. It does not serve Medicaid or public employee programs.

See details, history, links and new developments in the narrative below.

Pharmaceutical Bulk Purchasing Laws and Initiatives, 1999-2007



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REGIONAL AND NATIONAL INITIATIVES: HISTORY AND CHRONOLOGY

The Early History:

Northeast Legislative Association on Prescription Drug Pricing (NELA)

In late 1999 legislators in **six New England states**, plus **New York** and **Pennsylvania** formed the Northeast Legislative Association on Prescription Drug Pricing to discuss regional and state pharmaceutical activities. A core group met initially in Vermont in December 1999. The Association was formally established at a meeting of legislators in Maine in June 2000, with follow-up meetings held in Rhode Island, New Hampshire, Connecticut, and Massachusetts. In July 2001, participating legislators voted to support a Prescription Drug Fair Pricing Coalition (PDFPC). The proposal stated, in part: "The eight states of the Association could create a joint purchasing coalition to aggregate purchasing power with manufacturers and jointly contract for pharmacy best practice and benefit administration services. The Association's role is to create the concept of the PDFPC and propose a structure for each state's participation. Association member states have approximately 43 million residents representing more than 11% of the United States total population." At an October 2001 meeting, participants also voted to expand the organization to cover up to 22 states. Although the organization has bi-partisan and bi-cameral membership it has members with widely varying views. For example, one dissenting board member, Rep. Mazur of Vermont recently said, "It appears that NLA is all talk and no action. Slamming pharmaceuticals seems counterproductive because their intense research for newer and better treatment costs billions."

The National Legislative Association on Prescription Drug Prices (NLARx)

NELA was redefined in August 2002, with a new name replacing NELA and bylaws amended to allow for expanded, nationwide membership. For 2006 the organization describes itself as follows: "The National Legislative Association on Prescription Drug Prices is a nonpartisan, nonprofit organization of state legislators from across the country who advocate for lowering prescription drug costs and increasing access to affordable medicines. Legislators from the District of Columbia and all of the New England states plus Pennsylvania, New York, West Virginia, Oklahoma, Texas, Alaska, Arizona, and Hawaii are members of NLARx."

Related information:

We provide the following links to non-NCSL articles for informational purposes only; content does not necessarily reflect NCSL positions.

> NLARx web site: http://www.nlarx.org/

News articles: > NLA Update: A Critique - from board member Rep. Frank Mazur of Vermont, 7/03.

Non-Profit PBM: United Scripts Administrators

In a related initiative, legislators from the nine-state National Legislative Association on Prescription Drug Prices have developed a nonprofit group to manage pharmaceutical costs and limit drug makers' ability to sell states their most expensive medicines. In January 2004 it adopted the name United Scripts Administrators. For 2004-05 the project chair is former Vermont Senator Peter Shumlin. "The coalition program would cut out the middle-man by taking the place of for-profit pharmacy benefit managers, which many states use to negotiate prices and manage pharmacy benefits for Medicaid recipients and state employees. As of summer 2005, United Scripts

Administrators (USA) has established a partnership with NW Pharmacy Services to offer the full range of pharmacy benefit management services to states, businesses and others interested in a transparent, nonprofit cooperative PBM. Dr. Arthur Zoloth and Peter Shumlin, former Association President and now President of the Board of United Scripts gave a presentation on nonprofit PBM at the January meeting. For more information, visit the USA Website. To find out more, contact Elizabeth Ready at unitedscripts@gmavt.net.

More Early History:

The Northern New England Tri-State Coalition was formed by the Governors of **New Hampshire**, **Maine** and **Vermont** in spring 2000 *(separate from legislative leaders, above)*, "to see if some concerted action among the states could ... help their citizens save money on prescription costs." by aggregating the pharmaceutical purchasing of several populations. They agreed to organize a regional buying pool. The effort was authorized in part by legislation in Vermont and Maine. In October 2000 the three states issued a request for proposals (RFP) to the pharmacy benefits management industry to administer the program. The administrator would negotiate discount prices with manufacturers, with prices expected to be 23 to 35 percent lower than retail.

In May 2001 the Governors announced the details of their plan. According to their statements "the plan calls for the three states to pool the Medicaid money they receive for the 330,000 people they serve that are covered by the government-subsidized health insurance program for the poor and disabled. Through the combined buying power, the states expect to save 10 to 15 percent a year on prescription drugs (compared to previous years). They currently spend $387 million on prescription drugs for Medicaid programs. In addition to buying power, the pool will allow the three states to cut costs in administration of Medicaid funds and in the managing of the types of prescription drugs that recipients take. The states chose First Health Services Corporation of Virginia to manage the pool." The program was planned to be operational in late 2002, but was not implemented because of changes in state decisionmaking. Archive *news story links:*

National Medicaid Pooling Initiative (NMPI) or Michigan Multi-State Pooling Agreement (MMSPA)

In February 2003, three states, Michigan, Vermont, and South Carolina announced the formation of a "**National Medicaid Pooling Initiative**" for prescription drugs, aimed at lowering costs in their Medicaid programs. Led by Michigan Governor Jennifer Granholm, "the states want to tap into multistate prescription drug-buying power to save Michigan and its recession-battered budget as much as $50 million. We expect to cut tens of millions of dollars from our Medicaid drug costs this year," Granholm said.

- As of December, 2006, the "NMPI" program total number of operational pooled states is ten: **Alaska**, **Hawaii, Kentucky, Michigan, Minnesota**, **Montana, Nevada**, **New Hampshire, New York** and **Tennessee.** The original operational member states were **Michigan** and **Vermont**, plus **Nevada**, **Alaska** and **New Hampshire** added soon after approval by HHS in April 2004, all based on State Plan Amendments filed in 2003.
  At the time, HHS Secretary Thompson's release stated: "This is the first time in the history of the Medicaid program that states have worked together in this manner.... By using the proven technique of negotiating lower prices, states will reap important savings on their drug costs," Secretary Thompson said. "The ability to purchase drugs at a lower cost will help states continue to provide critical medications to the millions of low-income citizens who depend on the Medicaid program."
- The CMS approval notices in 2004 formalized an additional name for the pool: "Michigan Multi-State Pooling Agreement" (MMSPA). In all cases the approvals include implementation of "supplemental rebate agreements for Medicaid recipients." The CMS public announcement of April 2004 cited some state financial savings, (as listed in column three):

STATE	FEDERAL APPROVAL/LINK	COMMENTS; SAVINGS.
Michigan	State Plan Amendment #03-17b approval (retroactive) 10/1/03	MI estimated that it will save $8 million in its Medicaid program in 2004 as a result of the arrangement.
Vermont (no longer a member)	State Plan Amendment #03-15 approval (retroactive) 7/1/03	VT reported that its Medicaid program saved $1 million in 2004 because of the purchasing pool. VT announced a switch to the Sovereign States Drug plan, effective Jan. 1, 2006.
Alaska	State Plan Amendment #04-01 approval (retroactive) 1/1/04	AK estimated $1 million savings; with PDL features estimated $20 million savings annually (Governor's office release, 2004)
Nevada	State Plan Amendment #04-02 approval (retroactive) 1/1/04	NV Medicaid estimated $1.9 million savings in 2004; NV saved an estimated $4.3 million in 2005 *(NV Division of Health Care Financing and Policy, 10/06)*
New Hampshire	State Plan Amendment #04-05 approval 7/1/04	NH estimated $250,000 in annual savings in 2004.

New York	State Plan Amendment filed 2006	NY joined effective January 1, 2006 "The preferred drug list could save the state as much as $194 million in fiscal year 2005-06 and $392 million in 2006-07." (NY Dept of Health
Minnesota	State Plan Amendment 04-09; Part A approval 9/3/04	Federal approval granted September 3, 2004. Documents include expanded explanation of multi-state participation.
Tennessee	State Plan Amendment approval 6/1/05.	
Kentucky	State Plan Amendment approval 2005	
Hawaii	State Plan Amendment approval 2004	HI announced their participation on April 18, 2004.
Montana	State Plan Amendment approval 2005	

Altogether, the pooled purchasing program for ten states covers approximately 3.5 million lives, with purchase costs of about $5 billion annually. In other relationsships:

- **Maryland** Department of Health and Mental Hygiene officials "have begun preparing applications to join" but in May 2005 finalized joining the TOP$ Buying Pool (see below).
- **South Carolina** withdrew their State Plan Amendment from CMS last fall due to "bureaucratic delays at CMS", although they are negotiating what are termed "state-only" rebates via First Health Services.[1]

The following links to non-NCSL articles are provided for informational purposes only; content does not necessarily reflect NCSL positions.

> "**HHS Approves First-Ever Multi-State Purchasing Pools for Medicaid Drug Programs**" - HHS release 4/11/04.
> **CMS Approves First Health Services' National Medicaid Pooling Initiative (NMPI)** - First Health release, 7/9/04.
> "**(NH) State Still Mulls Drug Options**" - Concord Monitor, February 18, 2004

TOP$ -- the State Medicaid Pharmaceutical Purchasing Pool administered by Provider Synergies

Louisiana, Maryland and **West Virginia** jointly formed a buying pool organized by Provider Synergies, a PBA, under a proposal submitted to the Centers for Medicare and Medicaid Services in mid-December 2004, and approved in May 2005. **Delaware, Idaho, Pennsylvania** and **Wisconsin** joined in more recently. "These pooling plans will help lower drug costs for the states involved," Secretary Leavitt said. "The ability to purchase drugs at a lower cost will help the participating states continue to provide critical medications to the millions of low-income citizens who depend on the Medicaid program."

HHS states that Louisiana estimates that it will save $27 million in its Medicaid program in 2006 as a result of the arrangement. Maryland reports that its Medicaid program will save $19 million in 2006 because of the purchasing pool, while West Virginia expects to save $16 million. Altogether, the pooled purchasing program will cover over 1.3 million beneficiaries. Although the states are pooling their efforts in buying drugs, they all will maintain their own preferred drug lists and exercise clinical oversight of those lists to assure adequate access to needed medicines for their beneficiaries. Because there are overlaps on the preferred drug lists, pooling across states can lead to larger discounts on certain drugs." In a July 2006 interview with a Provider Synergy official, the company stated that a state with an existing PDL that joins the TOP$ multi-state pool typically gains 10 percent additional savings. Provider Synergies also makes the following claim, being "very successful in managing PDLs and negotiating rebates for over 7 million lives with drug expenditures of approximately $8 billion."

Delaware	State letter of intent signed 9/9/05; CMS approval effective 10/05	
Idaho	State announcement 8/11/05; State Plan Amendment pending 7/06	ID purchasing to begin 3rd quarter, 7/06-9/06.
Louisiana	State Plan Amendment approval 5/05	LA estimated it will save $27 million in 2006. (Hurricane Katrina's impact on population has had a major impact on utilization and spending, so figures are not available)
Maryland	State Plan Amendment approval 5/05	MD estimated it will save $19 million in 2006.
Pennsylvania	Joined in 2006	
West Virginia	State Plan Amendment approval 5/05	WV estimated it will save $16 million in 2006. West Virginia Department of Health and Human Resources analysis, 2006 "Non-preferred drugs in classes where the Prior Authorization (PA)

		Process has been activated have incurred a 92% prescription volume shift to preferred agents."
Wisconsin	State joined TOP$ 8/05	Examples of drug review activity 3/29/06

View: > TOP$ web site
> Examples of TOP$ PDL development and supplemental rebate negotiation: 3/29/06 and 8/06. NEW
> HHS Approves Second Multi-State Purchasing Pool to Lower Medicaid Drug Prices, HHS/CMS news release, 5/27/05
> news article, 12/15/04]

Sovereign States Drug Consortium (SSDC) Launched by MedMetrics of Massachusetts

On October 4, 2005, **Vermont** announced that, "the state will now enter a smaller pool called the Sovereign States Drug Consortium along with **Maine**, **Iowa** and **Utah****, according to Ann Rugg, deputy director of the Office of Vermont Health Access and the pharmacy director for the state's Medicaid program. The state hired MedMetrics Health Partners, a nonprofit pharmacy-benefits manager started by the University of Massachusetts Medical School." 'This is truly the next generation. We can't stand still in our dealings with manufacturers.' Rugg said." MedMetrics assumed responsibility for the Vermont drug benefits program from the previous pharmacy benefit manager (First Health)effective January 1, 2006. The consortium allows the participating states to contract directly with 58 different drug makers for more than 1,300 medications
** Utah agency officials indicated that as of spring 2007, they were seeking federal/CMS approval and a final Memorandum of Understanding to join SSDC.

Iowa	State Plan Amendment 05-030 approved 7/20/06, retroactive to 1/1/06	IA estimated it will save $1.8 million in 2006; the overall plan including PDL and prior authorizations "would save Iowa and the federal government about $11 million a year."
Maine	State Plan Amendment 06-002 approved 7/20/06, retroactive to 1/1/06	ME announced savings of $1 million between November 2005 and July 2006.
Utah	State Plan Amendment being filed Spring 2007.	
Vermont	State Plan Amendment 06-005 approved 7/20/06, retroactive to 1/1/06	

- **https://www.rxssdc.org/**
- 3 states pool drug buying - Maine, Vt., Iowa save money as consortium - 8/2/06 - *Bangor Daily News*
- SXC Health Solutions, Inc. to Provide Pharmacy Claims for the Vermont Medicaid Program Under Subcontract with MedMetrics Health Partners. 1/9/06.
- "Vermont to join new drug pool", Rutland-Herald (VT) October 5, 2005.

The Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP)

MMCAP, formally the Minnesota Multistate Contracting Alliance for Pharmacy, includes 45 states and several cities. The Alliance describes itself as follows: "MMCAP is a coalition of states and governmental units formed to standardize and consolidate state requirements for pharmaceuticals, supplies and services, and to cooperatively contract for such requirements. MMCAP may offer cooperative multistate contracting agreements for additional health-care related supplies, equipment and services to participating states and facilities (e.g., state correctional facilities, state mental health facilities, public health facilities, etc.). Participating states and facilities reserve the right to utilize or not utilize any MMCAP contracted agreements." According to program staff, MMCAP achieves average savings of approximately 23.7% below AWP for brand name pharmaceuticals and 65% below AWP for generics. (Exact formula for 2003: WAC -2.57% brands; WAC-44% generics). A prime vendor administers the program, handles inventory and delivers awarded contract items. The bulk of savings from the Alliance are described as administrative, including lower inventory levels, lower costs associated with the ordering process and with individual state pharmaceutical contracts. The State of Minnesota oversees the program; "participating states and facilities are empowered to enter into this agreement by Minn. Stat. § 471.59, subd. 10."

States and other members in MMCAP include: **AL, AK, AZ, AR, CA, CO, DE, FL, GA, HI, ID, IN, IA, KS, KY, LA, ME, MD, MI, MN, MS, MO, MT, NE, NV, NH, NM, NY, NC, ND, OK, OR, PA, RI, SC, SD, TN, UT, VT, VA, WA, WI, WY**, and the cities of Chicago

and Los Angeles.. There are over 5,000 separate facilities listed as part of MMCAP as of September 2007.

MMCAP members and 340B. A recent survey found that 340B prices are approximately 24 percent lower than that available to group purchasing organizations. MMCAP encourages eligible facilities to take advantage of these prices. MMCAP members can order 340B drugs through regular MMCAP ordering processes as all MMCAP distributors participate in the 340B program. Since the 340B program does not cover vaccines or medical supplies, there are incentives for 340B-eligible facilities to join MMCAP and purchase off its contracts. There are several facilities participating in the 340B program that are currently members of MMCAP.
MMCAP description and sample contract || List of MMCAP facilities by state with 5,407 enties as of September 2007 *[Xcel format file].*

Northwest Prescription Drug Consortium NEW
Oregon and Washington form a prescription-drug-buying cooperative to leverage their combined buying power for the uninsured.

In July 2006, Oregon Gov. Ted Kulongoski announced the **Northwest Prescription Drug Consortium**, which is set to begin joint purchasing in early 2007. It brings together efforts in the two states. Oregon initially launched a purchasing pool for low-income people 55 and older to access below-market price drugs; voters in November '06 expanded it to cover residents of all ages and incomes, including those "underinsured" some drugs not otherwise covered. A similar plan in Washington began with coverage for residents age 50 and older with income up to 300 percent of federal poverty; it expanded in 2007 to include all residents, regardless of age, income or insurance status. More than 5 million people are eligible for the programs that "will now cooperatively shop for better deals for the two states." An announcement March 19, 2007 formalized the launch of the two-state benefit program. The program is administered by ODS, an Oregon-based pharmacy benefits management company. Mail order and specialty pharmacy services are also available through the program.
> WA Governor Gregoire Introduces Free State Prescription Drug Discount Card 3/19/07. NEW

In 2006 the Heinz Family Philanthropies that found Oregon could save up to $17 million a year by changing how the state buys prescription drugs. Oregon's drug purchases, used for state-run programs such as Medicaid, would not be part of the two-state cooperative. The report, produced at the request of the governor, recommended several steps such as consolidating how the state buys prescription drugs, increasing the attorney general's involvement in the process, seeking drug rebates and imposing a preferred drug list for the state's Medicaid program. Back in 2001-2002, legislative resolutions in Idaho and Washington urged joint action with Alaska, Montana, and Oregon to explore "the option of managing prescription drug prices through cooperative strategies with other Northwest states." Wyoming, Utah and Nevada also have participated in discussions convened by the Reforming States Group from an initiative begun in Oregon. As of mid-2005, no decisions or structure had been established for actual purchases. A multi-state meeting of Medicaid managers was called in April 2003, with a focus on developing a common preferred drug list (PDL) that would be available for use by any state program or agency. *[see below]*

Pharmacy Working Group and The Rx Issuing States (RXIS), 2003-05; No longer operating:

In October 2001, seven states' personnel agencies initially joined in a multi-state purchasing project - the states included Louisiana, Mississippi, Missouri, Maryland, New Mexico, South Carolina and West Virginia. Agency officials from several other southeastern states, including Alabama, Georgia, North Carolina and other observers participated in earlier meetings, the first of which was in Atlanta in March 2001. The group pool proposed was "for more than a million state employees, retirees and their families as leverage to demand steep discounts from drug companies. An August 2001 news article stated, "West Virginia and five other states are preparing to create a multistate drug purchasing pool of Medicaid patients and state employees that would increase their purchasing "clout" and allow them to negotiate discounted drug prices, according to West Virginia Public Employees Insurance Agency Director Tom Susman. He told a legislative committee that "Seventeen other states and the city of Baltimore may also join the pool." The group established a more formal operational arm, known as **Rx Issuing States.**

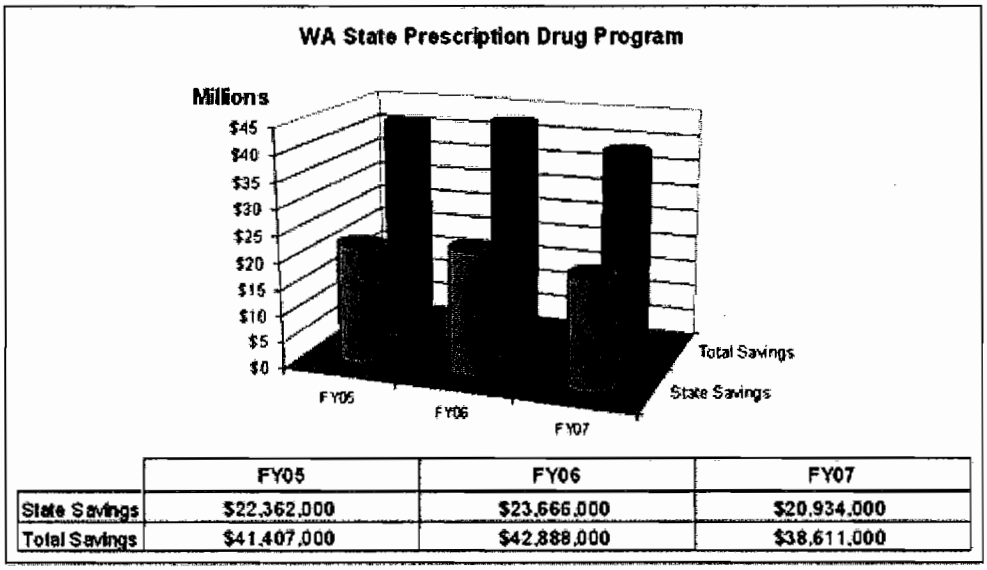
As of 2005 five states had signed on for the public employee cooperative purchasing -- **Delaware, Missouri, New Mexico** and **West Virginia** were the founding members. **Ohio** joined as of July 1, 2004. Under the name Rx Issuing states (RXIS) they issued an RFP and selected a single pharmacy benefit manager (PBM), ExpressScripts. Together, the initial four-state plan covered 570,000 lives, with estimated spending of $400 million for pharmaceuticals according to ExpressScripts in 2003. With five states, the RXIS covered 700,000 people, with Ohio estimating savings averaging $5 million per year. A central feature is a similar Preferred Drug List among the five states. As for finances, WV estimated $25 million savings over 3 years, or a 5%+ savings over their previous Rx system. The program only served enrollees who already received state health benefits. The Economic and Social Research Institute (ESRI) reported that Missouri expected savings of $1.4 million, or 2 percent of the plan costs, in its first year. New Mexico expected $2.0 million in savings, and Delaware reported $1.9 million in rebates. **
The Rx Issuing States 5-state agreement terminated in 2005, and no longer is operational.

"Washington State: An Integrated Approach to Evidence-Based Drug Purchasing"

Washington State's Health Care Authority, which coordinates the **Prescription Drug Program** for the state's Medicaid, public employee, and worker compensation programs, is using an integrated approach to value-based pharmaceutical purchasing. The evidence-based drug review process involves a thorough analysis of quality and effectiveness before applying cost considerations. The process, which includes an evidence-based preferred drug list and supplemental rebates from pharmaceutical manufacturers, is producing savings of $22 million each year to Washington — almost 5 percent of its Medicaid fee-for-service drug spending—and $38 million in combined state-federal spending.

[Online see **Washington State Health Care Authority Prescription Drug Program** | **Analysis of Washington PDP by Commonwealth Fund** , 4/06]

Figure 2. Washington State Prescription Drug Program Savings, State Fiscal Years 2005–07



	FY05	FY06	FY07
State Savings	$22,362,000	$23,666,000	$20,934,000
Total Savings	$41,407,000	$42,888,000	$38,611,000

Savings Projected for 2006 through 2007 (including Medicare Part D impact)

Source: Washington State Prescription Drug Program, presentation by Duane Thurman and Ray Hanley to the Washington State House Appropriations Committee Work Session on Evidence-Based Medicine, January 19, 2006. Reproduced with permission of authors.

BEYOND DIRECT PURCHASING:

In the past two years, at least two multi-state pharmaceutical efforts are focused on cost-effectiveness or cost-savings, but not through direct government purchases.

15 States Fund *"Oregon Evidence-Based Practice Center"* Project to Evaluate Drugs

(NOTE: The "Evidence-Based Project" is not a formal bulk purchasing program, but its origins and goals are closely related to the inter-state pooling programs listed above. It is included here as a convenience to policymakers.

15 states have joined together to fund a project headed by Oregon's former Governor John Kitzhaber in which reviewers comb through drug studies to help policy makers purchase the cheapest, most effective medicines. The **Drug Effectiveness Review Project (DERP)** includes the states of **Arkansas, Idaho, Kansas, Michigan, Minnesota, Missouri, Montana, New York, North Carolina, Orgeon, Washington, Wisconsin** and **Wyoming** as of March 2007. **Alaska** and **California** were members in 2006. The **Canadian** Agency for Drugs and Technologies in Health also is a member. The states pay about $75,000 a year for three years to fund the research and gain access to its findings. Head-to-head comparisons of medicines will help states manage $30 billion in annual drug costs. State Participant List [online details and websites] NEW

As of March 2007, researchers in Oregon have reviewed 28 classes of medicines including migraine pain relievers and cholesterol-lowering drugs such as Pfizer's Lipitor. The DERP Final Reports are available online to the public. Oregon Rx official web site | Oregon Evidence-based Practice Center (EPC) of OHSU

"I-SaveRx" Program Offers Access to Canadian Pharmacies.

In September 2004, **Illinois** Governor Blagojevich joined his state with **Missouri** and **Wisconsin** to launch "I-SaveRX", a web-based access program that connects states' residents with state-approved pharmacies and drug wolesalers in Canada, Britain and Ireland.

Kansas joined a few weeks later. As described, it "promises savings of as much as 50 percent on about 100 prescription drugs. Although coordinated centrally for the four states via a single web site, each state has its own application and publicity.

In October 2005 it was reported thaht 14,000 prescriptions had been processed during the first year of operation. The program's online portal is www.i-saverx.org, and is operated in collaboration with CanaRx Services Inc., which requires individuals to agree to its contract terms before use. In acknowledgment of safety issues, the site notes: "The Canadian, Irish, or United Kingdom regulatory bodies have approved all medications available through this program to be safe for use within their own respective countries.... The United States Food and Drug Administration (the FDA), however, has taken the position that the purchase of prescription drugs although from outside of the United States can be unsafe and illegal. To learn more about the FDA's position, please go to http://www.fda.gov/importeddrugs/ . The State of Illinois, its officers, and its employees make no representation as to the legality of the importation or reimportation of pharmaceuticals from other countries."

Other Initiatives:

Massachusetts Alliance for State Pharmaceutical Buying (MASPB). Begun almost ten years ago, and reinforced by a bulk-purchasing 1999 state law, Massachusetts created MASPB to improve services and lower drug prices through collective purchasing. Pharmaceuticals purchased through the MASPB have been used by state entities for traditional "own-use" governmental functions, such as hospital facilities Now, with the inclusion of specific multi-state cooperative purchasing language within its solicitations and resulting contracts, "Massachusetts offers other States the opportunity to join." MASPB is supported by Managed Health Care (MHA), the pharmaceutical group purchasing organization for Massachusetts. Although MASPB is similar to the Minnesota Multi-State Contracting Alliance for Pharmacy (MMCAP), it is the only multi-state collective purchasing alliance that uses the services of a professional pharmaceutical group purchasing organization (MHA) to establish acquisition pricing and to provide reporting services. The Massachusetts group expects to get more favorable acquisition prices at a faster rate through the use of MHA. **California** joined as the second state in 2001. *(Description adopted from National Governors Association, 12/01)*

Employers Unite in Effort to Curb Prescription Costs - Description of a private-sector venture named "Rx Collaborative" and the PBM industry - New York Times Business section, February 3, 2005.

Aggregate Purchasing Analysis: Georgia *(As reported by Georgia, 2005)*

In October 2000, the Georgia Department of Community Health contracted with Express Scripts, Inc. (ESI), a pharmacy benefits manager (PBM) to assist with the management of the pharmacy program. The PBM was hired to administer the pharmacy benefits for the 3 DCH plans and the Board of Regents Plan. The PBM also adjudicates the pharmacy claims for all four health plans. Costs are controlled through the implementation of several initiatives, including:

- a point-of-sale system,
- an aggressive maximum allowable cost program,
- the most-favored-nations program with improved enforcement,
- a three-tiered co-payment strategy applied to a preferred drug list,
- an expanded prior authorization program,
- a policy of cost avoidance for members with other health insurance
- a supplemental drug rebate program
- PDLs for each plan, and
- a host of other clinical programs

Georgia's Medicaid program spent $1,136,007,007 on prescription drugs in FY 2004 - a 900 percent increase over the last decade. The DCH's participation in the CMS Medicaid rebate program saved the state more than $260,695,592 in FY2004.
[Source: GA DCH Pharmacy web site, October 2005]

A report compiled by the Heinz Family Philanthropies in September 2001 provided these observations about Georgia's Consolidated Drug Purchasing Program:

"Through aggregation of the State of Georgia's programs, a portion of the overall program savings can be attributed to the negotiation of a more competitive financial arrangement with one plan administrator ---- in this case, a PBM selected through a competitive bidding process. Even with aggregate purchasing, it is important to underscore that the majority of the state's savings will be generated from changes in plan design, implementation of an expanded maximum allowable cost (MAC) price list for many generic medications, and the ability to implement consistent preferred drug list and benefit design strategies among a large number of Georgia residents. These savings, however, could also be implemented without aggregation.

As a result of many of these changes, Georgia has realized a reduction in pharmacy cost trends for the Medicaid program of 18% to 25% during the first six months of the new program. Below is a discussion of the various savings opportunities specifically implemented in Georgia that mirror many of the strategies used by employers to manage the increased cost of prescription drug programs.

Plan Design - Georgia anticipates the generation of a high level of savings with the implementation of a new plan design for the State Employees and the Board of Regents. The new plan design will incorporate movement to a three-tier preferred drug list. It will also require a higher level of participant cost sharing for non-preferred medications than was required in the old plan design. Additionally, in July 2001, the State of Georgia Medicaid program became the first Medicaid program to implement a three-tier plan design based on the common preferred drug list developed for the three State programs.

Maximum Allowable Cost (MAC) - The State Medicaid program implemented a more comprehensive MAC list as a basis for the pricing of generic medications. The Georgia MAC list was expanded from 186 to 857 drug products, allowing for more competitive discounts on many generic products than does the federal upper limit pricing, or the state-developed MAC pricing that is in place for many state Medicaid programs today. Georgia projects annual savings of $13 million as a result of its more competitive pricing of generic medications.

Customized Preferred Drug List - The Georgia Medicaid Drug Utilization Review Board coordinated with the PBM to create a customized preferred drug list. The preferred drug list was developed by using the PBM's national formulary as a base, and customizing a list of drugs that specifically meet the needs of the diverse population served by the aggregate purchasing group. Additionally, where appropriate, pharmacy management strategies have been aligned among the programs. Through the application of consistent management strategies and physician education efforts, Georgia anticipates savings from physician prescribing patterns that are consistent with the preferred drug list and benefit design for all programs.

Program Oversight - The State of Georgia created a new agency ----the Department of Community Health---- to provide administration, oversight, and leadership for all state-funded pharmacy programs. The creation of this entity has, and will, contribute greatly to the success of the program. Additionally, much of the success realized by the Georgia program thus far can be attributed to the political commitment and support by the state legislature and the Governor. Such support is critical to overall program success.

In summary, the Georgia representative acknowledged that, with the exception of the negotiated financial arrangement for the commercial programs and the indirect savings associated with application of consistent pharmacy management strategies across all programs, the majority of the cost savings realized will be the direct result of program changes that could have been implemented absent an aggregate purchasing arrangement. They did mention, however, that the benefits associated with the decision to make many of these program changes were maximized due to increased market concentration, and the ability to influence change for a critical mass of participants."

Source: *"Aggregate Purchasing of Prescription Drugs: The Massachusetts Analysis" by Heinz Family Philanthropies, September 11, 2001.*

State Bulk Purchasing Signed Laws and Executive Orders by State, 1999-2007

AL | AK | AR | CA | DE | DC | GA | ID | IN | IA | ME | MA | MS | NM | SC | TX | UT | VT | WA | WV |

State/law/ web link	Description / excerpts of bill text
AL HB 581 Rep. Beasley (2002)	Authorizes the state to consolidate buying power in pharmaceutical market for price reduction aggregate or negotiate for all state agencies or by "joining a multi-state pooling initiative or both", would authorize the state to negotiate rebates and discounts from pharmaceutical manufacturers. Exempts the Medicaid agency. *(Passed House, 3/19/02, passed Senate 4/11/02; signed into law by governor as* Act No. 2002-494, *4/26/02.)*|
AK Agency action (2004)	Alaska filed a Medicaid State Plan Amendment to permit coordinated purchasing with the National Medicaid Buying Pool. The application was approved by CMS as of April 2004 and purchasing is operational.
AR HB 2498 Rep. King (2001)	Authorizes the state to join a multi-state or multi-governmental purchasing consortium for the purpose of purchasing pharmaceuticals and other medical supplies; and for other purposes. Also authorizes expanded use, creation or designation of Federally Qualified Health Centers to access "substantially discounted prescription drug prices." *(Passed Senate and House 4/13/01; signed into law by governor as Act 1770)*

AZ Executive Order (2003)	Gov. Janet Napolitano signed an executive order setting in motion a new program to allow Medicare-eligible seniors to purchase prescription drugs at lower prices through contracts to be administered by Arizona's Health Care Cost Containment System (AHCCCS.) The order "Explore how prescriptions are now purchased through the State and find the most efficient and cost-effective way to buy prescriptions in bulk through one rather than through several State agencies." *(Executive order signed 1/7/03)* |
CA SB 1315 Sen. Sher (2002)	Requires the Governor to designate a central purchasing agency for purchasing pharmaceuticals. The bill would require the central purchasing agency to execute prescription drug purchasing agreements with certain state entities that purchase pharmaceuticals, unless the entity can purchase the pharmaceuticals for a lower price than through the central purchasing agency. The bill would authorize the central purchasing agency to include the University of California, local governmental entities, and private entities that choose to participate; also includes authorization to contract with a pharmaceutical benefits manager to negotiate prescription drug contracts. The bill would establish reporting requirements for manufacturers of prescription and wholesale distributors of prescription drugs in the state. *(Passed Senate and House 8/02; signed into law by governor 9/11/02)*
CA AB 1959 Assm. Chu (2004)	Requires the State Auditor to conduct audits of the state's prescription drug procurement and reimbursement practices. The audit report shall include: (1) A review of a representative sample of the state's procurement and reimbursement of drugs "to determine whether the state is receiving the best value for the drugs it purchases." (2) A comparison of drug costs to the state with drug costs to other appropriate entities such as the federal government, the Canadian government, and private payers. (3) A determination of whether the state's procurement and reimbursement practices result in savings from strategies such as negotiated discounts, rebates, and contracts with multistate purchasing organizations, and whether the strategies selected by the state result in the lowest possible costs. A first report is due May 31, 2005. *(Filed 2/12/04; passed Assembly 5/26/04; passed Senate; signed into law by governor as Chapter 938, 9/29/04)*
CA AB 76 Assm. Frommer (2005)	Would repeal provisions that authorize the Department of General Services to enter into contracts on a bid or negotiated basis with manufacturers and suppliers of drugs, and to obtain discounts, rebates, or refunds. Would create the Office of Pharmaceutical Purchasing within the California Health and Human Services Agency with authority and duties to purchase prescription drugs for state agencies. Would expand the state role to act as purchasing agent for more entities and would authorize the office to "negotiate the lowest prices possible for prescription drugs." Also authorizes establishing "a formulary or formularies for state programs"; Pursuing "all opportunities for the state to achieve savings through the federal 340B program including the development of cooperative agreements with entities covered under the 340B program that increase access to 340B program prices for individuals receiving prescription drugs through state programs. It would "develop an outreach program to ensure that hospitals, clinics, and other eligible entities participate in the program. *(Filed 1/3/05; passed Assembly 6/2/05; passed Senate 9/15/05,* ***vetoed by governor*** *10/7/05)*
CA AB 2877 Assm. Frommer	Requires the CA Department of General Services, University of California, and the Public Employees' Retirement System to "regularly meet and share information regarding each agency's procurement of prescription drugs in an effort to identify and implement opportunities for cost savings." Requires the state to "participate in at least one independent association" that evaluates Rx effectivessness. *(Filed 2/24/06; passed Assembly 5/31/06; passed Senate 22y-14n, 8/31/06; signed into law by governor as Chapter 720 of 2006, 9/29/06)* |
CO EO 07-04 Gov. Ritter (2007)	Based in part on SB06-01 enacted in 2006, this Executive Order establishes a "preferred drug list for non-Medicare clients receiving drugs through the fee-for-service and primary care physician programs in the Colorado Medical Assistance Program." Requires the Department to "evaluate the various methods by which a PDL is implemented and maintained and shall determine the best option for Colorado's PDL; also requires obtaining supplemental rebates and an evaluation of the feasibility and cost-effectiveness of entering into one of the existing multi-state purchasing pools. *(Signed by governor as Executive Order 1/31/07)*
DE HB 300 (2003)	FY '04 budget authorizes the Department of Health and Social Services to contract with a cooperative Multi-State purchasing contract alliance for the procurement of pharmaceutical products, services and allied supplies. *(Passed House and Senate, signed into law by governor, 6/25/03)* *DE was an operational part of the* Rx Issuing states (RXIS) pool for state employees. The program is no longer operational.
DC	Enacts the Rx Access Act of 2003, requiring the Dept. of Health to run an AccessRx subsidy program; also permits

B15-569 Councilmember Catania (2004)	negotiations with other states or jurisdictions for bulk purchasing. Also provides that the Department "shall investigate purchases from outside the U.S. *(Filed 11/4/03; Passed City Council 3/24/04; signed by mayor as Act 15-410)*
GA Executive action (2000)	Department of Community Health has developed the consolidated drug-purchasing program in Georgia. Combining Medicaid fee-for-service, the public employees and the university teachers, the number of enrollees included in the state drug plan was reported to be 1.2 million as of March 2001. Medicaid is not included in the most recent structure. Express Scripts is the pharmacy benefits manager (PBM) for the program.
ID HCR 26 Rep. Henbest (2001)	Resolution encourages the Governor and the Department of Health and Welfare to "develop a compact with our sister states to facilitate purchases of prescription drugs by the most economic method. Sponsors claimed that "this coalition would ease the rising prices of current prescription drugs on Idaho residents, especially Idaho senior citizens." *News story online* *(Adopted by House, 3/5/01 and Senate, 3/13/01; to Secretary of State, 3/19/01)*
IL SB 3 Sen. Halvorson (2003)	Establishes the Senior Citizens and Disabled Persons Prescription Drug Discount Program Act, requiring the state to "negotiate and enter into rebate agreements with drug manufacturers" to effect prescription drug price discounts, with enrollees receiving the resulting discount. The plan includes multi-agency bulk buying, with details to be finalized by the executive branch. *(Passed House and Senate 5/15/03; signed into law by governor 6/16/03 as Public Act 93-18)*
IN HB 1265 Rep. Kersey (2004)	Requires the state personnel department to establish a bulk prescription drug purchasing program to negotiate terms related to the purchase of prescription drugs; requires participation by certain entities and allows participation by other certain entities; authorizes the state to enter into multi-state prescription drug bulk purchasing agreements. *(Passed House 2/5/04; passed Senate 2/24/04; signed into law by governor as Public Law 50, 3/16/04)* *Related News:* Bill proposed to lower drug costs: Democratic leader wants to add small businesses, nonprofits to buying pool. - NW Indiana Times, 9/3/04
IA H 619 Health Committee (2003) HF 2192 Committee (2002)	**HF 619** establishes a multi-agency bulk purchasing council, as well as creates a preferred drug list, increased co-pays and other changes in pharmacy reimbursements for Medicaid. *(Filed 3/18; passed House 4/2/03; passed Senate 4/14/03; signed into law by governor 5/2/03)* **HF 2192** creates the Interstate Prescription Drug Purchasing Cooperative Work Group to determine the feasibility of establishing an interstate prescription drug purchasing cooperative with other Midwestern states. Would include "utilizing regional and national entities such as the Council of State Governments, the National Conference of State Legislatures, and others in establishing contact with the governors and legislative leaders of other Midwestern states"; and other states with existing interstate cooperatives, including the states participating in the tri-state coalition and the northeast legislative association on prescription drug prices. *(HF 2192 amended passed House, 2/12/02; passed Senate 3/18/02; signed into law by governor, 5/11/02)* Report on Interstate Prescription Drugs - January 2003 [16 pages]
ME S1026; Chapter 786 (2000)	§ 2: Purchasing alliances and regional strategies. Authorizes the state to decrease prescription drug prices through purchasing alliances and other regional strategies with other states and private and public entities. *(Passed House and Senate, signed by into law governor, 5/11/2000. Parts of the law were adjudicated by the U.S. Supreme Court in a May 2003 decision, but section two appears not to be affected.)*
ME H 343 (2005)	FY06 budget (in §165) establishes the joint purchasing effort of the Pharmaceutical Cost Management Council, to "develop options to maximize cost effectiveness" for all publicly sponsored purchases. *(Filed and approved by House and Senate 3/30/05; signed into law by governor as Chapter 12, 3/31/05)*
MD HB 1287 Del. Rudolph (2005)	Establishes the Maryland Rx program "to achieve savings on the cost of prescription drugs for the State Employee and Retiree Health Program and local governments, through use of PDLs, manufacturer rebates, negotiated discounts and other cost savings measures. *(Original language deleted:* would have included private businesses and use of evidence-based analysis of products.) *(Filed 2/11/05; passed House 135y-0n, 3/26/05; passed Senate 47y-0n, 4/8/05; signed into law by governor as Chapter 428 of 2005, 5/10/05)*
MA H. 4900 (1999)	FY 2000 budget section 271 creates a state "aggregate" or bulk purchasing program, to include Senior Pharmacy Assistance enrollees, Medicare and Medicaid, state workers, uninsured and underinsured people. Up to an estimated 1.6 million people would be involved, with eventual total savings for individuals and government as high as $200 million; also creates a temporary Catastrophic Prescription coverage plan and expands Senior Pharmacy

	program from $30 million to $72 million. *The text of the 1999 law is on the NCSL web site at* www.ncsl.org/programs/health/drug99ma.htm *(Enacted and signed into law as Ch. 127 by governor 11/16/99; implementation on hold by executive agencies and two changes in governor, 2000-2004)*
MA H. 4004 Conference Committee (2003)	The FY04 budget, section 19 requires executive agencies to "develop and implement a coordinated prescription drug procurement plan for all pharmacy benefit plans funded or subsidized, in whole or in part, by the commonwealth. The plan shall maximize cost savings, efficiencies, affordability and be designed to improve health outcomes, benefits and coverage in the pharmacy benefit plans. Also mandates that the state "shall contract with a third party nonprofit pharmacy benefits manager to provide pharmacy benefit management services and negotiate pharmaceutical discounts, rebates and other prescription related cost savings with pharmaceutical manufacturers." *(Finally passed by House and Senate, 6/23/03; signed/vetoed by governor 6/30/03) [veto recommendation for §19] [Became law by veto override 7/06]*
MA H. 4850 Conference Comm.	FY05 Budget provides for: (Sec. 15:) Creates a state "coordinated, aggregate prescription drug procurement plan" (bulk purchasing), for all state funded or subsidized pharmaceutical purchases. The plan is to include Medicaid, through a separate managed program. The state shall contract with a PBM, with bidding process to include option of a not-for-profit pharmacy benefit manager. Program is to be operational by November 5, 2004. *(Passed House and Senate, 6/20/04; signed into law by governor 6/26/04)* |
MI Executive agency (2003)	In February 2003, Michigan's Governor Jennifer Granholm initiated the first multi-state Medicaid purchasing arrangement. The program is run by First Health Services, and is partnered with Vermont and South Carolina as of December 2003. See National Medicaid Pooling Initiative, above.
MN State Plan Amendment Executive Agency (2004)	The Medicaid agency filed and received approval for a State Plan Amendment that authorized joining the National Medicaid Pooling Initiative, termed the Michigan Multi-State Pooling agreement ("SPA). The state notes that its amendment to the supplemental drug Rebate agreement also has been authorized bvCMS." *(Filed with CMS 4/30/04; approved by CMS 9/3/04)*
MS HB 528 (2007)	Requires Medicaid to "establish a mandatory preferred drug list (PDL), with drugs not on the list to "be made available by utilizing prior authorization;" also requires mandatory generic substitution and affirms a 5-drug cap or limit per month only two of which may be brand name products. Authorizes establishing relationships with other states for bulk purchasing, as well as negotiations with other countries "if allowed by federal law or regulation." *(Filed; passed House; passed Senate 3/13/07; signed into law by governor, 4/20/07)*
MT SB 324 Sen. Pres. Tester (2005)	Authorizes negotiation for discount process and rebates among all state-funded programs using Rx including Medicaid and the SPAP; also creates an SPAP, discount program and clearinghouse. *(Filed 1/28/05; passed Senate 39y-10n, 3/7/05; passed House 92y-10n signed into law by governor 4/19/05)*
NV SB 277 Sen. Wiener (2003)	Requires state agencies to purchase prescription drugs, pharmaceutical services, or medical supplies and related services only through Purchasing Division of Department of Administration, unless they can certify to obtaining a lower price from another source. *(Filed 3/13/03; passed Senate and Assembly; signed into law by governor 5/15/03 as Chapter 97)* | *Update:* Nevada has filed a Medicaid State Plan Amendment to permit coordinated purchasing with the National Medicaid Buying Pool. The application is pending at CMS as of February 2004.
NH Executive agency (2004)	Gov. Craig Benson announced February 17, 2004 that New Hampshire has filed a Medicaid State Plan Amendment to permit coordinated purchasing with the National Medicaid Buying Pool. The State Plan Amendment #04-05 was approved 7/1/04. The Governor noted that "the state could save up to $15 million a year in Medicaid costs starting next year if it joins the pool. New Hampshire now spends $140 million a year." *(Governor's action, 2/17/04; CMS approval 7/1/04)* "(NH) State Still Mulls Drug Options" - Concord Monitor, February 18, 2004
NM SB 91 Sen. Feldman HB 200 Rep. Picraux (2002)	Establishes the Senior Prescription Drug Program. Eligibility covers persons age sixty-five years or older with no other prescription drug benefit. Directs the Retiree Health Care Authority to administer the program in conjunction with the consolidated purchasing process in the Health Care Purchasing Act. No state funds are appropriated to subsidize drug purchases. [fiscal note] *(Passed House and Senate, 2/02; signed into law by governor as Chapters 75 and 80, 3/5/02)* *Update:* A February 2004 journal article notes that "New Mexico is creating a massive drug-buying pool to cover all 635,000 state residents who get health care coverage from any public entity. Later, the pool may also purchase

	medications for the state's 400,000 Medicaid recipients." *Drug Benefit Trends 16(1):11-12, 2004.*
OH HB 66 (2005)	State budget Sec. 5111.0114(B) provides "The director of job and family services may enter into or administer an agreement or cooperative arrangement with other states to create or join a multiple-state prescription drug purchasing program for the purpose of negotiating with manufacturers of dangerous drugs to receive discounts or rebates for dangerous drugs dispensed under the medicaid program." *(Passed House and Senate; signed into law by governor 6/30/05)*
OR Ballot Measure 44; Full Text	Allows "Any Oregon Resident Without Prescription Drug Coverage to Participate in Oregon Prescription Drug Program." The 2006 program was limited to Oregon residents who are: a) at least 54 years old; b) earn less than 185% of the federal poverty level (currently $18,130 per individual); and c) have not had private prescription drug coverage for the six months preceding application to the program. Ballot Measure 44 expands the Oregon Prescription Drug Program by removing eligibility requirements so that all Oregonians without prescription drug coverage regardless of age or income may participate. Participation in the Oregon Prescription Drug Program is voluntary. Medicare Part D prescription plan enrollees would be eligible to join. Participants would receive a card to use at participating pharmacies to purchase prescription drugs at the discounted price. *(Passed into law by statewide voter initiative, 11/7/06)* NEW
PA (2006)	PA joined TOP$, the State Medicaid Pharmaceutical Purchasing Pool administered by Provider Synergies.
SC S 317 Sen. Elliott (2003)	Creates the Interstate Bulk Prescription Drug Program with neighboring states to provide prescription drugs at a reduced cost to senior and disabled residents who do not have prescription drug coverage. The program is not specifically connected with Medicaid. *(Passed House 5/21/03; passed Senate 6/3/03; signed into law by governor 6/17/03)* |
SC HB 3221 Rep. Clemmons (2006)	Requires that the South Carolina Retirees and Individuals Pooling Together For Savings Act (SCRIPTS) and the SilveRxCard subsidy program must coordinate with Medicare part D to provide to low income senior residents assistance with the cost of prescription drugs, *(Passed House 5/18/05; passed Senate 2/3/06; signed into law by governor as Ch. 233, 2/21/06)*
TX HB 915 Rep. Gray (2001)	Authorized creation of a system of bulk purchasing of prescription drugs by state agencies, including Dept. of Health, Mental Health, state employees, retirees, teachers, prison system and any other agency that purchases pharmaceuticals. It established the Interagency Council on Pharmaceuticals Bulk Purchasing, and would use existing distribution networks. The Council "shall investigate" options of expanding Medicaid purchasing, and using DSH and FQHC facilities. Final version includes provisions for manufacturer and wholesaler price reporting and enforcement powers for the Attorney General. [fiscal note online estimates savings of $13 million for first two years] *(Passed House, 4/30/01; passed Senate, signed into law by governor, 6/15/01)* Analysis of Multi-state Medicaid Drug Purchasing Pool - June 2006
UT SB 42 Sen. Christensen (2007) NEW	Allows use of a Preferred Prescription Drug List in Medicaid, which "may include placing some drugs on a preferred drug list to the extent determined appropriate by the department" and repeals 2003 language restricting PDLs. Final version provides a blanket exemption for psychotropic or anti-psychotic drugs and allows prescribers to override restrictions in cases of "medical necessity" when documented in the patient's medical file and by handwriting on the prescription. *(Filed 12/26/06; passed Senate 28y-10n, 1/26/07; passed House 70y-1n, 2/6/07; signed into law by governor as Chapter 385, 3/20/07)*
VT H.31 Rep. Koch; Sen. Shumlin (2002)	Authorizes participation and financial support for the Northeast Legislative Association on Prescription Drugs; also names the West Virginia multi-state initiative. State departments are directed to aggregate or combine public and private health benefit plans within and outside the states, to achieve better prices for residents. The law also establishes a discount plan via Medicaid waiver, and requires disclosure of pharmaceutical marketing activities. *(Passed by conference committee, 5/28/02; signed into law by governor 6/13/02)* |
VT H. 768 (2004)	FY 2005 Appropriations Act provides (in Sec. 128g) that the Department of Prevention, Assistance, Transition, and Health Access (PATH) is required to study the expansion of federal 340B drug programs, including use in managed care, state bulk purchasing and inmate populations. *(Passed House and Senate 5/20/04, signed into law by governor as Act 122, 6/10/04)*
VT S 115 S. Finance Comm.	Authorizes a joint pharmaceuticals purchasing consortium. Also includes a "plan to inform residents of the availability of health services and 340B prescription prices through federally qualified health centers, aimed at Medicaid, state employees, corrections, workers comp and any other public programs; includes

(2007) NEW	restrictions on "prescription information containing prescriber-identifiable data." *(Passed Senate 28y-1n, 4/4/07; passed House 89y-44n, 5/4/07; **signed into law by governor** as Chapter 80, 6/9/07)* NEWS UPDATE: *VT: Companies sue state over prescription drug law By Rutland Herald, 8/80/07. Three data-collection companies sued the state of Vermont over a provision in the new prescription drug law that would conceal from public view what drugs doctors are prescribing to their patients.*
WA SJM 8001 Sen. Franklin (2002)	Resolution, calls for cooperation among Washington, Idaho, Oregon, Alaska and Montana to seek "joint pricing and purchasing agreements for prescription" drugs with savings passed on to consumers. *(Passed Senate, 2/5/02; passed House 3/5/02; signed by President & Speaker)*
WA SB 6088 Sen. Deccio (2003)	Creates a statewide pharmaceutical discount plan for residents with incomes up to 300% of federal poverty, which includes a provision for voluntary negotiated discounts initiated by the Health Care Authority for multiple state agencies. *(Filed 6/5/03 in special session; passed Senate and House; signed into law by governor 6/26/03)* |
WA HB 1168, Rep. Appleton (2005)	Authorizes the State Board of Pharmacy to regulate nonresident Canadian pharmacies; authorizes state agencies to "undertake bulk purchasing of drugs approved by the federal FDA from Canadian pharmacies and wholesalers." Effective date: July 24, 2005. *(Filed 1/18/05; HB 1168 passed House 54y-41n, 2/25/05; passed Senate 33y-14n, 4/6/05; signed into law by governor as Chapter 275, 5/4/05)*
WA SB 5471 Sen. Thibaudeau (2005)	Authorizes a prescription drug purchasing consortium, based upon the evidence-based prescription drug program, with all state agencies required to participate. Voluntary participation is authorized for local governments, private entities, labor unions and for individuals who lack or are underinsured for prescription drug coverage. Uses features of the 2003 state bulk purchasing pool, including a preferred drug list. Effective 7/24/05. *(Passed Senate 25y-24n, 3/10/05; passed House 56y-42n, 4/6/05; signed into law by governor as Chapter 129, 4/21/05)* |
WV S 127 Sen. Tomblin, Gov. Wise (2001)	Allows WV Public Employees Insurance Agency to pursue a multistate buying pool with all state agencies and institutions, as well as "governments of other states and jurisdictions, and "regional or multistate purchasing alliances". Allows "innovative strategies", such as "enacting fair prescription drug pricing policies" and providing discount prices or rebate programs for seniors" and uninsured. The agency may explore "requiring prescription drug manufacturers to disclose to the state expenditures for advertising, marketing and promotion, as well as for provider incentives and research and development efforts." *(Passed House and Senate; signed into law by governor 5/15/01 as Chapter 97)*
WV HB 4084 Del. Michael (2004)	West Virginia Pharmaceutical Availability and Affordability Act establishes a state-sponsored prescription drug discount card program for residents. It also provides that the state shall "explore the feasibility of using or referencing, the federal supply schedule or Canadian pricing. 4) requires the state to "investigate the feasibility of purchasing prescription drugs from Canada," including feasibility of serving as a wholesale distributor of prescription drugs in the state." *(Passed House 1/22/04; passed Senate 3/13/04, signed by into law governor 4/7/04)*
WI SB 44 | enrolled (2003) Governor Doyle	2003-4 Budget bill:. Prescription drug cost controls and drug purchasing: authorizes joining a multi-state purchasing group or agreement. Also establishes supplemental rebates for Medicaid, Badger Care and others such as senior pharmacy, if feasible; exempts most mental health drugs from prior authorization [§1393] and makes other pharmaceutical policy change. *(Passed Senate and Assembly; signed into law /partial veto by governor 7/24/03 as Act 33)*

State Bulk Purchasing Bills Considered, 1999-2006

State Rx bulk purchasing / Year	States with bills [**underline** = passed; **Red** = vetoed]
1999-2000	AZ, CA, FL, **MA**, **ME**, NH, NY, OR, RI, VT, WA
2001	**AR**, CO, ID, LA, NM, OR, PA, RI, **TX**, WA, **WV**, WY
2002	**AL**, **CA**, CT, HI, **IA**, ME, MD, MA, **NM**, NY, OK, PA, SD, **VT**, VA, **WA**, WI.
2003	**AZ**, CT, **DE**, IL, IN, **IA**, **ME**, **MA**, ***MI***, **NV**, NH, NJ, NY, NC, OH, OR, RI, **SC**, **WA**, **WI**
2004	AL, **CA**, CO, CT, **DC**, HI, **IN**, **MA**, MN, NE, NH, NY, **VT**, **WV**

2005	**CA, CO** [veto], CT, IN, **ME**, **MD**, MA, MN, **MT**, NH, NY, NC, **OH,** OK, RI, SC, TX, VA, **WA**
2006	**CA**, **CO**, CT, MA, MI, MN, NY, NC, OK, **OR**, RI, **SC**, UT
2007	**CO**, CT, FL, HI, IN, MA, MI, **MS**, NH, NJ, NY, **UT**, VT, WV (as of 4/25/07)

NCSL Pharmaceutical Reports

- **2006 Prescription Drug State Legislation** - including discount, subsidy and bulk purchase bills; updated regularly.
- **2005 Prescription Drug State Legislation** - NCSL report including 129 newly enacted laws
- **2004 Prescription Drug State Legislation** - NCSL archive report
- **2003 Prescription Drug State Legislation** - NCSL archive report
- **2002 Prescription Drug Discount, Bulk Purchasing and Price-Related Legislation** -NCSL archive report
- **State Pharmaceutical Assistance Programs** - 2006 details on the existing state-based subsidy programs for lower-income seniors, disabled and certain others, as well as discount and price-related laws.
- **Pharmaceutical Discounts Under Federal Law: State Program Opportunities** (August, 2001) a comprehensive report by Bill von Oehsen on opportunities and obstacles for state drug assistance programs to utilize federal drug discount programs. NCSL participated in the editorial review. The report is a resource tool for anyone drafting or evaluating state legislation to address the needs of consumers, government and institutions for affordable drugs.

Reports and Opinions on Bulk Purchasing

- **"State Perspectives on Emerging Medicaid Pharmacy Policies and Practices."** -Report includes listing of inter-state purchasing; by NAMSD & Avalere Health, 11/06 NEW
    - **Survey of State Medicaid Drug Programs Finds Sharpened Focus on Costs and Value;** Recent Federal Program Changes in Medicaid and Medicare Have Not Alleviated Financial Pressure. News relaese 11/14/06.
- ** **"Stretching State Health Care Dollars: Pooled and Evidence-Based Pharmaceutical Purchasing"** by the Economic and Social Research Institute, published by Commonwealth Fund, October 2004.
- **Analysis of Multi-state Medicaid Drug Purchasing Pool** - Texas Legislature, Health and Human Services Commission, June 2006. NEW
- **States buying in bulk to stretch Rx dollars** by Erin Madigan, Stateline.org - Feb. 1, 2005
- **State Purchasing Pools for Prescription Drugs: What's Happening and How Do They Work?** published by NGA Center for Best Practices Health Division, August 2004
- **Final Report on Bulk Purchasing for the Maine Legislature** - issued Dec. 1999
- **Other Resources on Pharmaceutical Costs and Access** - NCSL suggested links for additional reading and research.

This document will be updated periodically on the web at: **www.ncsl.org/programs/health/bulkrx.htm**
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Frequently Asked Questions: Prescription Drug Coverage

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