



Prescription Drug Purchasing Consortium Performance Audit

Proposed Final Report

Joint Legislative Audit and Review Committee
October 22, 2008

John Bowden, JLARC Staff

Prescription Drug Purchasing Consortium Statute



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In 2005, the Legislature passed SSB 5471 which:

- Directed the Health Care Authority to **create** a Prescription Drug Purchasing Consortium
 - State programs must participate – **unless exempted** because **greater cost savings** can be achieved through federal programs or other purchasing arrangements
 - Private employer groups, local governments, labor unions, and uninsured or underinsured individuals can participate on a **voluntary** basis
- Mandated JLARC to conduct a **performance audit** of the Consortium by December 2008

JLARC's Performance Audit Has Three Components



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- **Statutory Compliance:**
 - Has the Consortium been implemented?
 - Is the Consortium being operated as required?
 - Who is participating?
- **Cost Savings:**
 - Are participants saving money?
- **Health Outcomes:**
 - Are individuals healthier because of the Consortium?

Are Statutory Requirements Being Met?



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- HCA **contracted** with a pharmacy benefits manager (**PBM**) to implement the Consortium.
- HCA has **met most** of the operational requirements.
- **Six of eight** state-purchased health care programs are not participating in Consortium and have not demonstrated cause for exemption.



Six of Eight State Programs Have Not Demonstrated Cause for Exemption



P A R T I C I P A T I O N	State-Purchased Health Care Program	Currently Participating ?	Demonstrated Cause for Exemption? (expected date)
	HCA – Uniform Medical Plan	Yes	N/A
	Department of Labor and Industries	Yes	N/A
	DSHS/HRSA (Medical Assistance)	No	No (7/09)
	Department of Corrections	No	No (11/08)
	Department of Veterans Affairs	No	No (11/08)
	Department of Health – Immunization Program	No	No (11/08)
	Department of Health – HIV Client Services	No	No (11/08)
Department of Health – STD Services	No	No (11/08)	

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Are Participants Saving Money?



C O S T S A V I N G S	Under the current PBM contract:
	<ul style="list-style-type: none"> • UMP – estimates a \$1.8 million cost avoidance in the first six months of 2008. • L&I – has not had any significant changes in prescription drug rebates. • Discount Card – HCA reports that members saved more than \$4.3 million in prescription drug purchases from February 2007 to August 2008.

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Are Individuals Healthier?



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- For UMP and L&I – Improvements in health status, as a result of the Consortium, **cannot be determined**. However, improvements are unlikely because:
 - Agencies’ short period of participation in Consortium
 - Individuals’ access to prescription drugs has not changed
 - Agencies’ method for purchase or reimbursement of prescription drugs has not changed
- An HCA survey of Discount Card members **did not yield** meaningful health outcome data.

Recommendation and Responses



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Recommendation 1 – DOC, DVA, DOH, and DSHS should complete the required cost analyses that demonstrate whether or not greater savings can be achieved.

DOC: Partially Concur

DOC notes that they are supplying the data, but HCA is conducting the analysis.

HCA, DSHS, DOH, DVA, L&I, and OFM: Concur

Recommendation and Responses



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Recommendation 2 – Based on the analyses conducted by the state agencies, HCA should make a determination whether each of the programs is required to participate in, or is exempt from participation in, the Consortium, and report the determinations to JLARC.

DOC: Partially Concur

DOC wants to ensure the analysis takes into consideration the special circumstances and cost implications in a correctional setting.

HCA, DSHS, DOH, DVA, L&I, and OFM: Concur

Recommendation and Responses



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Recommendation 3 – HCA should periodically conduct updated cost analyses to determine whether each of the state programs should continue to participate in, or continue to be exempt from participation in, the Consortium.

DOC: Partially Concur

DOC is supportive of the recommendation if they are able to participate in the analysis.

HCA, DSHS, DOH, DVA, L&I, and OFM: Concur

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