News from BALCONY; Business and Labor Coalition of New York

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BALCONY Says New York State Could Save $100 Million on Drug Purchases

ALBANY, NY -- (01/11/2007; 1435)(EIS) -- BALCONY, The Business and Labor Coalition of New York, www.balconynewyork.com, called today (Thursday) for Governor Eliot Spitzer, State Assembly Speaker Sheldon Silver, and State Senate Majority Leader Joseph Bruno to create a statewide pooled drug purchase program in which the state would use its bulk purchasing power, which in turn could save the state at least $100 million and drive down rising prescription drug costs.

Referring to studies done in other states and by philanthropic institutions, BALCONY leaders suggested that this was one area where progress was very possible without partisan skirmishes developing.

"The Heinz Family Philanthropies conducted studies in Massachusetts, Virginia, and Oregon, and has kept careful records that prove that there is an opportunity here that we cannot afford to miss," said BALCONY Co-Chairman Alan Lubin., who is executive Vice President of NYSUT. According to Lubin, "New York State should use its clout as one of the world's largest purchasers of pharmaceuticals to consolidate its purchasing and negotiate reduced drug prices for Medicaid, EPIC, state and local government employees as well as for individuals, unions and private employers who choose to participate."

Bruce Ventimiglia, BALCONY Co-Chairman and Chairman of Saratoga Capital Management added, "This is a win-win solution. Small businesses will support programs that help their employees and create a more vibrant New York business environment, however they need assurances that the costs of programs they support will not go through the roof. Ventimiglia further noted that, "New York State has a large pool of uninsured and under-insured citizens for whom this one program will realize significant savings."

BALCONY released a proposal entitled "BALCONY SAYS NEW YORK STATE COULD SAVE $100 MILLION ON DRUG PURCHASES". The BALCONY proposal summarized the opportunity for New York as follows:

There is growing evidence that states can achieve significant savings on their prescription drug benefit costs by using their collective purchasing power to negotiate substantial discounts. Through its Medicaid, EPIC, state employee health plan and other state programs, New York State provides prescription drug benefits to well over 4 million persons. By leveraging this enormous purchasing power, New York State could save over $100 million per year in state taxpayer expenditures on prescription drugs, and could help lower prescription drug costs for those who do not have any health insurance.

Citing official New York State healthcare statistics and studies by organizations like the Health Reform Program at Boston University's School of Public Health, BALCONY endorsed promoting the feasibility of and outlining the savings from adopting such a statewide program of negotiated drug purchases.

Expenditures on prescription drugs are skyrocketing for two basic reasons: people are using more prescription drugs and the prices of those prescription drugs (whether new or old) have been increasing at rates much higher than overall inflation or health care inflation. Almost one quarter (24%) of the total increase in New York's Medicaid expenditures since 1997 can be attributed to increasing expenditures for prescription drugs and supplies.
The rising cost of prescription drugs presents an enormous challenge to individuals as well as the state government. While most private insurance policies, especially those offered through employers, cover prescription drugs, 2.8 million New Yorkers (15%) do not have any health insurance and therefore must pay "out of pocket" for all prescription drug costs. For those with some insurance coverage, rising drug costs have prompted employers and their agents to impose higher co-payments and deductibles.

The BALCONY Bulk Drug Prescription Plan is one of a series of public initiatives that the organization is in the process of adopting to address core issues confronting New Yorkers, which include: Health Care, Tax Policy, Workers. Compensation, Energy, Transportation, Small Business, and State Budget.

BALCONY, www.balconynewyork.com, represents more than 500 New York businesses, labor unions, and trade associations. BALCONY seeks common ground in the public policy debate in New York to spur economic development through the adoption of business/union friendly, socially responsible common sense laws that maintain and improve the quality of life for all New Yorkers.

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