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State Watch

Rhode Island Legislators Consider Legislation To Address Prescription Drug Spending

Members of the Rhode Island Senate Health and Human Services Committee on Wednesday unanimously approved legislation that would allow the state to license Canadian pharmacies to operate in Rhode Island in an effort to help residents purchase medicines from Canada, regardless of "potential conflicts with federal law," the Providence Journal reports. The bill now goes to the full Senate and a companion bill was expected to be considered by the state House this week. The committee, however, did not reach a consensus on a bill (SD 2140) that would prevent health plans from restricting where members fill prescriptions. The bill would require that:

- Insurers offering a restricted pharmacy network also offer an open plan;
- Independent pharmacies be given the right to participate in restricted networks; and
- Pharmacy benefit managers be supervised by the state Department of Business Regulation.

The Senate bill also would prohibit a PBM from serving as an insurer's consultant to create a restricted network and bid for a network contract. It would not ban Blue Cross & Blue Shield of Rhode Island's PBM, PharmaCare, owned by Rhode-Island based CVS, from including CVS stores in any bid. The committee held off voting on the ban, after receiving a letter from the Federal Trade Commission and concluding that restricted networks were "one way to control health care costs," the Journal reports. The state House Corporations Committee has approved two versions of the bill (Anderson, Providence Journal, 4/22).

Opinion

While a "pharmacy-freedom-of-choice" law "can't solve the problem of high drug costs," allowing patients to access any pharmacy that consents to an insurer's price "is a useful first step," Alan Sager, a professor of health services at the Boston University School of Public Health writes in a Providence Journal opinion piece. States with such laws have average prices of $52.62 per prescription, compared with $54.36 per prescription in states that do not have such laws, according to Sager. He notes that in Rhode Island, the cost per prescription rose above the national average "during the very years when freedom of choice was prohibited." In 1994, the average drug price in the state was 16.5% below the national average, compared with 4% higher than the national average by 2002. "Clearly, restricted pharmacy networks have not kept the prices low -- just the opposite," he writes. According to Sager, the "responsibility for the rise in retail prices belongs to" the state's restricted-pharmacy network, which has "obviously failed to stop the average Rhode Island prices from rising." Sager concludes by urging the state Legislature to approve "pharmacy freedom of choice" (Sager, Providence Journal, 4/22).