Thousands could benefit under proposal to discount prescriptions

By Martin Finucane
Associated Press

BOSTON — Prescription drug discounts could be given to hundreds of thousands of people in the Bay State under an ambitious new state program outlined in the budget passed by the Legislature this week.

The discounts would be possible because the state essentially would buy the drugs in bulk, officials said. And the discounts would be a companion piece to programs in the budget that are increasing state spending to help people buy prescription drugs.

"Don't we owe it to the taxpayers to get the best deal?" said Senate Ways and Means Chairman Mark Montigny, D-New Bedford.


Officials estimate that as many as 1.6 million people could be pooled, including those who are getting prescription drug help from the state, people on the government programs Medicare and Medicaid, state workers, and uninsured people, to make a potent bargaining force with drug companies.

"Our point here is that the more volume, the lower the cost," said Phil Johnston, a former regional administrator of the U.S. Department of Health and Human Services, and a former top state human services official.

Johnston, a health care consultant who has studied the issue for Citizens Energy, said he believed the savings could exceed $100 million.

Joe Landolfi, a spokesman for the state Executive Office of Administration and Finance, said the proposal needed to be studied.

"While we certainly believe in savings wherever possible and bulk purchasing ... we've got to take a look at it to see if it's double," he said. Gov. Paul Cellucci is still pondering what sections of the budget to veto.

Alan Sager, professor of health care policy at the Boston University School of Public Health, said, "I think it's a solid step forward. The Legislature has known for a long time we can't solve the problem by throwing more money at the drug companies."

DISCOUNT

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Sager is a proponent of an even more far-reaching measure. He believes the state should somehow pool all the residents of the state to drive an even harder bargain with the pharmaceutical companies.

"You win substantial discounts when you really pool purchasing power," he said.

Pharmaceutical companies are already giving prescription drug discounts to bulk purchasers such as health insurance companies, he said. Sager said the more than 6 million residents of Massachusetts currently buy $2.5 billion to $3 billion in prescriptions per year.

Some states already have been moving in the direction of bulk purchasing.

New Hampshire, for example, approved a two-year pilot program Wednesday providing discounts to the state's elderly people.

The company managing that program claims that seniors will save an average of 15 percent on brand-name drugs and 57 percent on generic ones.

Marjorie Powell, assistant general counsel of the Pharmaceutical Research and Manufacturers of America, said, "We do not have a position on bulk purchasing."

But she also said there were "complexities" to setting up a program, including the fact that Medicaid recipients already get rebates that result in deep discounts and the possibility that other programs included in the plan already may have negotiated discounts.

The Massachusetts budget also will increase state spending from $30 million to $72 million on programs that help the elderly pay for high prescription costs.