

# HOUSE BILL REPORT

## HB 1194

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### As Reported by House Committee On:

Health Care  
Appropriations

**Title:** An act relating to reimportation of prescription drugs.

**Brief Description:** Regarding reimportation of prescription drugs.

**Sponsors:** Representatives Simpson, Campbell, Appleton, Clements, Cody, Sommers, P. Sullivan, Morrell, Schual-Berke, Chase, Dickerson, Kenney, O'Brien, Clibborn, Conway, Green, Sells, Kagi, Ormsby, Wallace, Upthegrove, Hasegawa and Kilmer.

### Brief History:

#### Committee Activity:

Health Care: 1/25/05, 2/1/05 [DP];

Appropriations: 2/7/05, 2/9/05 [DP].

#### Brief Summary of Bill

- Authorizes agencies that administer state purchased health care programs to purchase prescription drugs approved by the Food and Drug Administration from Canadian sources.
- Requires the Health Care Authority to develop a website to inform Washingtonians on opportunities to purchase prescription drugs from Canadian pharmacies.

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### HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** Do pass. Signed by 7 members: Representatives Cody, Chair; Morrell, Vice Chair; Appleton, Clibborn, Green, Moeller and Schual-Berke.

**Minority Report:** Do not pass. Signed by 6 members: Representatives Bailey, Ranking Minority Member; Curtis, Assistant Ranking Minority Member; Alexander, Condotta, Hinkle and Skinner.

**Staff:** Dave Knutson (786-7146).

### Background:

The combination of Canadian price controls and a favorable exchange rate between Canadian and United States currencies has created prescription drug prices in Canada that are less

expensive than in the United States. Americans without prescription drug coverage have been purchasing prescription drugs through Canadian pharmacies or over the Internet in order to take advantage of Canadian drug prices. Several states and political subdivisions in the United States are exploring ways to take advantage of the price differential between prescription drugs sold in Canada and the United States.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, (H.R. 1) authorized the importation of prescription drugs from Canada if several conditions are met. The Secretary of the Department of Health and Human Services (Secretary) was required to promulgate regulations permitting pharmacists and wholesalers to import prescription drugs from Canada into the United States, if the Secretary determined importation was cost-effective and safe. The Secretary established a Drug Importation Task Force (Task Force) to review the issues around drug importation. In December 2004, the Task Force reported that the importation of prescription drugs from Canada could not be accomplished in a safe and cost-effective manner. The Secretary is authorized to waive the ban on importation of prescription drugs in cases where the importation is clearly for personal use, and the prescription drug or device imported does not appear to present an unreasonable risk to the individual.

Also in December 2004, Governor Locke directed the Health Care Authority to link an existing prescription drug website to a website maintained by the State of Wisconsin that facilitates the individual purchase of prescription drugs from Canadian pharmacies. The pharmaceutical industry recently launched prescription drug discount programs to provide Americans without health insurance or prescription drug coverage with discounts equivalent to prescription drug prices available through Canadian pharmacies.

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**Summary of Bill:**

State agencies administering a state purchased health care program are authorized to purchase drugs from approved Canadian pharmacies or wholesalers, if approved by the federal Food and Drug Administration. The Health Care Authority is authorized to purchase, or facilitate the purchase, of drugs from Canadian pharmacies or wholesalers. The Health Care Authority will also develop a website to facilitate the purchase of prescription drugs from Canada by Washington residents. The Attorney General must certify that the website and the information contained on it do not violate applicable state or federal laws.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** People without access to affordable prescription drugs need help in accessing prescription drugs from Canada.

**Testimony Against:** The federal government will not allow Washington to do this. Washington is assuming liability if anything goes wrong using one of these importation schemes.

**Persons Testifying:** (In support) Representative Simpson, prime sponsor; Eleanor Owen, National Alliance for the Mentally Ill, Older Women's League, Mental Health Association of Washington, and Health Care for All of Washington; Robby Stern, Washington State Labor Council; Bill Daley, Washington Citizen Action; and Dr. Art Zoloth, Northwest Pharmacy Services.

(Opposed) Cliff Webster, Pharmaceutical Research and Manufacturers of America; and Paul Guppy, Washington Policy Center.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 19 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Clements, Cody, Conway, Darneille, Dunshee, Grant, Haigh, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Miloscia, Priest and Schual-Berke.

**Minority Report:** Do not pass. Signed by 9 members: Representatives Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Bailey, Buri, Hinkle, Pearson, Talcott and Walsh.

**Staff:** David Pringle (786-7310).

### **Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Health Care:**

No new changes were recommended.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** This bill represents a courageous response to the dire needs of thousands of residents. They cannot afford the escalating cost of medicines in the state. The bill will also help close the budget gap. We calculate that one drug could save the state \$10-\$12 million if purchased through a Canadian source.

**Testimony Against:** None.

**Persons Testifying:** Eleanor Owen, Older Women's League, Health Care for all of Washington, and Mental Health Association of Washington.

**Persons Signed In To Testify But Not Testifying: None.**