



Multistate drug purchasing pool set to expand after federal OK

by *Tim Anderson*

The federal government's approval last month of a first-of-its-kind multistate drug purchasing program appears to have not only guaranteed continuation of the initiative, but given it some momentum as well.

Soon after the U.S. Department of Health and Human Services' announcement, three additional states — Minnesota, Maryland and Hawaii — declared their intentions to join the Medicaid drug purchasing program. States like Michigan, a founding member along with Vermont of what is now a five-state pool, will gladly welcome new participants to the initiative.

"The more lives [beneficiaries] in the pool, the deeper the discounts," says T.J. Bucholz, communications director for the Michigan Department of Health. "Two of the three states, Minnesota and Maryland, will bring a substantial number of new beneficiaries into the program."

The federal government must still OK the additional states' request to join the pool.

In March 2003, the governors of Vermont and Michigan announced plans to combine the purchasing power of their two Medicaid programs in an attempt to negotiate deeper discounts, also known as supplemental rebates. New Hampshire, Nevada and Alaska have since joined the pool. All five states have authorized their pharmacy benefits administrator, First Health Services, to simultaneously negotiate with prescription drug manufacturers.

The benefits administrator negotiates the

discounts based on each state's list of preferred drugs for Medicaid recipients. If a doctor wants to prescribe a drug not on the preferred drug list, he or she must receive prior authorization from the state.

The list and multistate pool have been criticized by the Pharmaceutical and Research Manufacturers of America as a "one-size-fits-all approach to medicine."

In a statement, PhRMA said the multistate agreement threatens to "turn the vital Medicaid program for our poorest citizens into the equivalent of a government-run HMO, making decisions based on cost rather than patients' individual needs."

Participating states, though, convinced federal officials that the pool ensures proper access to quality care. Now, they will turn their attention to persuading more states to take part in the initiative.

Thus far, Bucholz says, Michigan's savings from the purchasing pool have been "modest" — about \$8 million in its first year — but state officials believe that figure will grow.

"The total number of participating manufacturers more than doubled, from 12 in the first year of the program in Michigan and Vermont to 27 participating in the pooling program as of today," says Janet Olszewski, director of the Michigan Department of Community Health.

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Minnesota officials say their state could save \$11 million annually in their Medicaid program as the result of participation in the purchasing pool program.

Meanwhile, several Midwestern states also have been applying pressure on the federal government to allow for the importation of prescription drugs from Canada.

Late last year, the state of Illinois asked the Federal Drug Administration for permission to start an importation pilot program. Under the proposal,

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bulk shipments of drugs from Canada would be sent to Illinois for use by the state's 230,000 employees and retirees.

Both the state and FDA would have to agree to the drugs used in the pilot project. As of last April, the FDA had not yet responded to Illinois' request. The state also has begun to examine whether drugs from Europe could be imported to this country in a safe, effective manner.

Minnesota and Wisconsin have set up Web sites linking citizens to Canadian pharmacies where they can buy cheaper prescription drugs. The FDA has expressed concern about these actions, saying they undermine the U.S. government's regulatory efforts to ensure the safety and quality of prescription drugs dispensed in this country.

Another worry is that allowing importation would diminish research and development efforts within the pharmaceutical industry. A recently appointed federal task force is now holding hearings to determine the impact that drug importation would have on safety, quality and access. 🇺🇸

QUESTION OF THE MONTH

One of the many services provided by the Midwestern Office of The Council of State Governments is its Information Help Line, a research service intended to help lawmakers, legislative staff and state officials from across the region. The CSG Midwest staff is always available to respond to members' inquiries or research needs regarding various public policy issues. The Question of the Month section highlights an inquiry received by this office. To request assistance through CSG Midwest's Information Help Line, call 630/810-0210 or use the online form available at www.csghmidwest.org

QUESTION: WHAT LAWS HAVE STATES PASSED RESTRICTING THE LOCATION OF CONVICTED SEX OFFENDERS UPON RE-ENTRY INTO THE COMMUNITY?

ANSWER: Building on federal and state "Megan's laws," which make public the names of convicted sex and violent offenders, states have moved to bar sex offenders from living near or visiting schools, playgrounds and other areas where children gather.

In the Midwest, **Illinois, Indiana, Iowa** and **Ohio** have passed such laws. Child sex offenders in Illinois cannot knowingly live or be present within 500 feet of a school or school property when children are present. Last year, the state's House of Representatives passed legislation that would have expanded the law to include institutions of higher education. No action has been taken in the Senate. As a condition of probation or parole, sex and violent offenders in Indiana are prohibited from living within 1,000 feet of a school. Ohio has a similar statute in place.

Iowa's law is one of the most restrictive in the country. Modeled after the nation's first so-called "safety zone" measure, which was passed in Alabama in 1996, Iowa's 2002 legislation bars child sex offenders from establishing residence within 2,000 feet of a school or day care center.

However, a district court judge ruled the law unconstitutional for violating the Fifth and 14th amendments of the U.S. Constitution. The state has appealed the ruling to the Iowa Supreme Court, which began hearing arguments in March. Critics say Iowa's law virtually bans child sex offenders from living in any urban area of the state. This year, lawmakers have been considering a bill that would change the residency restrictions to within 1,000 feet of a school or day care center, but critics say the revised legislation doesn't address the constitutional issues. Wisconsin also considered legislation this year to restrict child sex offenders from living within 1,000 feet of certain facilities, but it failed to pass after constitutional concerns were raised by the state's Department of Corrections.

A new type of measure that aims to restrict the concentration of sex offenders in a single area has been introduced, but not yet enacted, in a few U.S. state legislatures. This legislation would prohibit sex offenders from living in the same area or dwelling as another offender. Finally, a proposed Iowa bill would allow school districts to deny enrollment to a student who is a registered sex offender (the district would have to offer alternative educational opportunities).