



SPONSOR: Rep. Seigfried & Sen. Poore
Reps. Bentz, Brady, Kowalko, Mitchell, Osienski; Sens.
Ennis, Hansen, McBride, Sokola

HOUSE OF REPRESENTATIVES
150th GENERAL ASSEMBLY

HOUSE CONCURRENT RESOLUTION NO. 35

AN ACT ESTABLISHING THE INTERAGENCY PHARMACEUTICALS PURCHASING STUDY GROUP TO REVIEW AND MAKE RECOMMENDATIONS ON HOW TO LEVERAGE THE BULK PURCHASING POWER OF THE STATE TO NEGOTIATE LOWER PRICES.

1 WHEREAS, the cost of prescription drugs continues to increase; and

2 WHEREAS, the cost of prescription drugs directly impacts State spending on State employee health benefits,
3 Medicaid, long-term care facilities, and corrections; and

4 WHEREAS, House Joint Resolution No. 7 from the 149th General Assembly required the Secretary of the
5 Department of Health and Social Services to study and plan the means and methods for gathering data to establish an
6 annually established number that will enable a clear conclusion regarding the annual growth of total health care costs in the
7 State of Delaware otherwise known as a “benchmark,” including selecting methodologies, determining sources of data, and
8 collecting actuarial certification; and

9 WHEREAS, in establishing the health care benchmark, the 149th General Assembly found that there is a need to
10 enhance transparency and accountability in health care costs because health care spending in Delaware is higher than the
11 national average and has historically outpaced inflation and the State’s economic growth and that the State of Delaware is
12 committed to reducing the total cost of health care for all Delawareans; and

13 WHEREAS, a major cause of skyrocketing prescription drug prices is bargaining asymmetry, by which the
14 pharmaceutical industry, often wielding monopoly power, is left unchecked, in the absence of a strong counterparty at the
15 bargaining table; and

16 WHEREAS, establishing a single-purchaser for the highest-cost prescription drugs will move Delaware one step
17 closer to a comprehensive solution for affordable and accessible health care for all; and

18 WHEREAS, there are opportunities to expand the negotiation and purchase of prescription drugs within existing
19 State programs; and

20 WHEREAS, other states have created group purchasing consortia and have joined multi-state group purchasing
21 consortia; and

22 WHEREAS, hospitals in Delaware already have group purchasing agreements to reduce prescription costs; and

23 WHEREAS, the Delaware Medicaid program has contracted with a cooperative multi-state purchasing contract
24 alliance for the procurement of pharmaceutical products, services, and allied supplies since 2005; and

25 WHEREAS, Delaware long-term care facilities have contracted with a multi-state contracting alliance for
26 pharmaceuticals since 2011; and

27 WHEREAS, the Delaware Medicaid program is using a grant from the National Academy for State Health Policy
28 to research benchmark costs for State programs to purchase prescription drugs through a multi-state consortium; and

29 WHEREAS, cost savings achieved by the State could be shared with uninsured Delawareans who need
30 prescription medication; and

31 WHEREAS, by coordinating the purchase of pharmaceuticals by State agencies, the State can leverage the bulk
32 purchasing power of the State to negotiate lower prices; and

33 WHEREAS, lower prices for pharmaceuticals in State contracts will significantly reduce the cost of health care in
34 Delaware with cost savings to Medicaid, State employees group health insurance, long-term care facilities, and the
35 Department of Correction.

36 BE IT RESOLVED by the House of Representatives of the 150th General Assembly of the State of Delaware, the
37 Senate concurring therein, that the Interagency Pharmaceuticals Purchasing Study Group (“Study Group”) be created.

38 BE IT FURTHER RESOLVED that the Study Group be established to research and evaluate opportunities to
39 leverage the bulk purchasing of pharmaceuticals in Delaware to negotiate lower prices including inter-agency purchasing
40 contracts and contracts with a multi-state consortium.

41 BE IT FURTHER RESOLVED that the Study Group make recommendations regarding the most beneficial
42 method to leverage the bulk purchasing of pharmaceuticals in Delaware, including the purchases that should be combined,
43 whether to contract with a multi-state consortium, and what legislative changes are necessary to effect the Study Group’s
44 recommendations.

45 BE IT FURTHER RESOLVED that the Study Group is comprised of the following members, or a designee
46 appointed by the member serving by virtue of position:

47 (1) A State Representative from the majority caucus, appointed by the Speaker of the House of Representatives,
48 who serves as co-chair.

49 (2) A State Representative from the minority caucus, appointed by the Speaker of the House of Representatives.

50 (3) A State Senator from the majority caucus, appointed by the President Pro Tempore of the Senate, who serves
51 as co-chair.

52 (4) A State Senator from the minority caucus, appointed by the President Pro Tempore of the Senate.

- 53 (5) Controller General.
- 54 (6) Secretary, Department of Health & Social Services.
- 55 (7) Director, Office of Management and Budget.
- 56 (8) Commissioner, Department of Correction.
- 57 (9) Secretary, Department of Services for Children, Youth, and their Families.
- 58 (10) Director, Division of Medicaid and Medical Assistance.
- 59 (11) Director, Division of Public Health.
- 60 (12) Secretary, Department of Human Resources.
- 61 (13) Administrator, Delaware Veterans Home.
- 62 (14) One member of the State Employee Benefits Committee, appointed by the co-chairs of the State Employee
- 63 Benefits Committee.

64 BE IT FURTHER RESOLVED that a quorum of the Study Group is a majority of its members.

65 BE IT FURTHER RESOLVED that:

- 66 (1) Official action by the Study Group, including making findings and recommendations, requires the approval of
- 67 a quorum of the Study Group.
- 68 (2) The Study Group may adopt rules necessary for its operation.
- 69 (3) The co-chairs of the Study Group may invite individuals with relevant expertise to participate in Study Group
- 70 discussions.

71 BE IT FURTHER RESOLVED that the co-chairs of this Study Group are responsible for guiding the

72 administration of the Study Group by doing, at a minimum, all of the following:

- 73 (1) Setting a date, time, and place for the initial organizational meeting.
- 74 (2) Notifying the individuals listed in lines 47 through 62 of the formation of the Study Group and the need to
- 75 appoint a member, if applicable.
- 76 (3) Supervising the preparation and distribution of meeting notices, agendas, minutes, correspondence, and reports
- 77 of the Study Group.
- 78 (4) Sending to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the
- 79 Director of the Division of Research of Legislative Council, after the first meeting of the Study Group, a list of the
- 80 members of the Study Group and the person who appointed them.

81 (5) Providing meeting notices, agendas, and minutes to the Director of the Division of Research of Legislative

82 Council.

83 (6) Ensuring that the final report of the Study Group is submitted to the President Pro Tempore of the Senate and
84 the Speaker of the House of Representatives, with copies to all members of the General Assembly, the Governor, the
85 Director and the Librarian of the Division of Research of Legislative Council, and the Delaware Public Archives.

86 BE IT FURTHER RESOLVED that the Study Group must hold its first meeting no later than August 1, 2019.

87 BE IT FURTHER RESOLVED that the General Assembly is responsible for providing reasonable and necessary
88 support staff, including a legislative attorney, and materials for the Study Group to carry out its mission.

89 BE IT FURTHER RESOLVED that the co-chairs of the Study Group must compile a report containing a summary
90 of the Study Group's work regarding the issues assigned to it in lines 38 through 44 of this Resolution, including any
91 findings and recommendations, and submit the report to all members of the General Assembly and the Governor no later
92 than December 31, 2019.

SYNOPSIS

This House Concurrent Resolution establishes an Interagency Pharmaceuticals Purchasing Study Group ("Study Group") to coordinate the existing efforts to leverage bulk purchasing to negotiate lower prices and make recommendations to maximize the opportunities to coordinate State-funded pharmaceutical purchases.