

## EXECUTIVE ORDER 2003-3

### INCREASING ACCESS TO AFFORDABLE PRESCRIPTION DRUGS

**WHEREAS**, rapidly rising health care costs have created significant challenges for consumers, employers and government agencies; and

**WHEREAS**, prescription drug prices have risen more than three times faster than the rate of inflation, are the largest component of the increase in health care costs and account for more than 27% of health care spending; and

**WHEREAS**, the increase in prescription drug prices places a severe financial burden on employers, government payers and on the thousands of Arizona seniors and the disabled who lack adequate prescription drug coverage; and

**WHEREAS**, without the ability to obtain affordable prescriptions, individuals face immediate and future health care crises; and

**WHEREAS**, this situation puts the personal health of our citizens and the financial health of employers, and government agencies in jeopardy; and

**WHEREAS**, the Arizona Health Care Cost Containment System (“AHCCCS”) is charged with administering a system of contracts for the provision of medical care coverage, including pharmaceuticals, to eligible persons; and

**WHEREAS**, AHCCCS’s capitated contracts for member health care benefits are subject to rebidding in 2003;

**NOW, THEREFORE**, I Janet Napolitano, by virtue of the authority vested in me as Governor by the Arizona Constitution and the laws of the State, do direct the Arizona Health Care Cost Containment system to complete the following activities as quickly as possible:

1. Develop and implement a bulk purchasing-based discount card program for Arizona’s medicare-eligible seniors and persons with disabilities.
2. Issue Request for Proposals for the renewal of AHCCCS member healthcare benefits package based on contracts that include and do not include a prescription drug benefit.
3. Determine the best possible product acquisition costs the state could obtain if it were to consolidate all prescription drug purchasing and reimbursement in a single agency.
4. Retain the necessary expertise and swiftly complete an analysis of whether

removing the prescription drug benefit from Medicaid, Title XIX and Title XXI programs and establishing a separate drug benefit within AHCCCS would achieve cost savings.

5. Review current state agency purchasing of prescription drugs to determine feasible alternatives that could lower costs.
6. Determine whether adding state employees and/or retirees to an AHCCCS prescription drug benefit would lower costs.
7. Provide monthly updates to the Governor beginning February 1, 2003 and submit an interim report on or before July 1, 2003 and a final report to the Governor on or before September 1, 2003. The written reports shall be made available to the President of the Senate and the Speaker of the House of Representatives.

**IN WITNESS WHEREOF**, I have hereto set my hand and caused to be affixed the Great Seal of the State of Arizona.

GOVERNOR

DONE at the Capitol in Phoenix on this 6<sup>th</sup> day of January TwoThousand Three and of the Independence of the United States of America the Two Hundred and Twenty-Seventh.

ATTEST:

SECRETARY OF STATE