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## Senate Votes to Expand Drug Cost Cuts Of Medicaid

By ROBERT PEAR

**W**ASHINGTON, July 18 — The Senate voted today to help states try to reduce prescription drug prices, despite fierce opposition from the pharmaceutical industry, which is locked in litigation with several states.

The Senate approved 56 to 43 a measure making clear that states may use the purchasing power of their Medicaid programs to negotiate drug discounts for people who are not poor enough to qualify for Medicaid. Under the proposal, states could extend Medicaid drug discounts to millions of people.

Senator Debbie Stabenow, Democrat of Michigan, the chief author of the proposal, said it was meant to encourage state efforts to make prescription drugs more affordable. "We are saying yes to the innovation of the states," Ms. Stabenow said.

The Pharmaceutical Research and Manufacturers of America, a trade group for brand-name drug companies, has gone to court to stop drug discount programs adopted in Maine, Vermont, Florida and Michigan, among other states. The organization denounced Ms. Stabenow's proposal, saying it could embolden more states to try to control drug costs by restricting access to certain medicines for low-income people.

About a dozen states have established lists of preferred drugs and refuse to pay for other medicines unless a doctor obtains "prior authorization" from state officials. Faced with this requirement, doctors tend to prescribe less of the medicines, so sales plummet.

Meeting in Idaho, the National Governors' Association said it was "extremely disappointed" with the tactics of the drug industry.

"Preferred drug lists are the most effective tools available to states" to control spending on prescription drugs, said Gov. John Engler of Michigan, a Republican.

Senator Rick Santorum, Republican of Pennsylvania, said he opposed Ms. Stabenow's proposal because he believed that it would allow states to dictate prices to drug companies.

The White House today came out in opposition to a separate bipartisan proposal to expand access to low-cost generic copies of brand-name prescription drugs. The proposal was drafted by Senators Charles E. Schumer, Democrat of New York, and John McCain, Republican of Arizona.

The administration predicted that the generic drug bill would increase litigation over drug patents. "The resulting higher costs and delays in making new drugs available will reduce access to new breakthrough drugs," the White House said.

Mr. Schumer said he was astonished to read the White House contention that his bill "will not provide lower drug prices" for consumers. "What planet are they on?" Mr. Schumer asked. "Their statement makes it seem as if they are becoming a mouthpiece of the pharmaceutical industry."

The Congressional Budget Office said tonight that the Schumer-McCain bill would save the nation \$60 billion over the next 10 years. That represents 1.3 percent of total private and public spending on prescription drugs, estimated at \$4.7 trillion for the decade. The budget office said the bill would reduce federal spending on prescription drugs by \$5.9 billion in the 10-year period.

While working on proposals to rein in drug costs, the Senate agreed to vote on Tuesday on two competing plans to provide coverage of prescription drugs under Medicare.