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**SENATE BILL 6593**

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**State of Washington 64th Legislature 2016 Regular Session**

**By** Senators Carlyle, Rivers, Keiser, Conway, Roach, and Jayapal

AN ACT Relating to promoting greater fairness for taxpayers in prescription drug costs by pursuing prices that are aligned with or lower than the negotiated prices available to the United States veterans administration; and adding a new chapter to Title 69 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  The legislature finds that prescription drugs play a vital role in preventing illness, curing disease, improving quality of life for persons living with chronic conditions, and prolonging the lives of many Washingtonians. The legislature also finds that prescription drug prices are the single largest contributor to the rising costs of health care premiums, creating significant state budgetary pressure. This pressure is anticipated to build as there are numerous new drugs staged to enter the market within the next year, including high-cost biologics and traditional drugs to treat cancer, asthma, Parkinson's disease, and other serious health conditions. The legislature also finds that a lack of transparency about prescription drug pricing methodology, and the wide variability of pricing for the same drug, make it difficult to determine whether prices are fair and reasonable. The legislature further finds that congress granted the United States veterans administration authority to negotiate prices with pharmaceutical companies, but did not grant this same authority to state medicaid programs. The legislature also finds, however, that in other areas of purchasing, the state frequently works in partnership with federal and local authorities to obtain the best price, frequently using the prices negotiated at the federal level as a benchmark for fairness. The legislature recognizes its duty to assure the best use of taxpayer funds by pursuing smart purchasing strategies, even where the state does not have direct negotiating authority. The legislature, therefore, intends to promote a state prescription drug purchasing strategy that aims to follow the lead of the best price negotiated by the veterans administration.

NEW SECTION. **Sec.**  (1) The legislature adopts the following guidelines relating to the purchasing and reimbursement of prescription drugs by any state agency:

(a) A state agency entering into an agreement with the manufacturer, distributor, or pharmacy benefit manager of any prescription drug must ensure that the purchase price of the drug reflects all available rebates, cash discounts, volume discounts, donations, and other discounts or credits available to the agency. In making this determination, the state agency must consider the lowest price paid for the same drug by the United States department of veterans affairs and seek a price for the prescription drug that is the same as or less than the price paid by the department of veterans affairs; and

(b) If a state agency is not the purchaser of the prescription drug but is the ultimate payer of the drug, the amount expended for the drug must not exceed the amount for which the state agency would have otherwise purchased the drug under (a) of this subsection.

(2) State agencies may seek any waiver of federal law, rule, or regulation necessary to implement this section. State agencies may adopt rules to implement this section.

(3) For the purposes of this section, "state agency" means any state agency or entity responsible for the purchase or reimbursement of prescription drugs for the benefit of Washington state residents. State agencies or entities include the department of social and health services, the department of health, the office of the insurance commissioner, the health care authority, the department of labor and industries, the department of corrections, the Washington state prescription drug program, and the Washington state AIDS drug assistance program.

NEW SECTION. **Sec.**  (1) Beginning November 1, 2016, and annually thereafter, the office of financial management must provide a report to the fiscal committees of the senate and the house of representatives on:

(a) The total dollar amount spent on prescription drugs during the previous fiscal year. This number must include the total costs of prescription drugs purchased by state agencies, broken down by state agency, program, and the amount expended to reimburse for prescription drugs if a state agency was not the purchaser. This amount must also include the following:

(i) The percentage of the total dollar amount spent that is spent on specialty drugs; and

(ii) The percent of the total dollar amount spent that is spent on traditional drugs; and

(b) To the extent permitted by federal law, monthly costs of prescriptions, broken down by state agency or program for the following:

(i) The top twenty-five most expensive specialty drugs;

(ii) The top twenty-five most expensive traditional drugs;

(iii) The top twenty-five most commonly prescribed specialty drugs;

(iv) The top twenty-five most commonly prescribed traditional drugs;

(v) The top twenty-five long-maintenance specialty drugs likely to be prescribed on an ongoing basis of at least one year or more;

(vi) The top twenty-five long-maintenance traditional drugs likely to be prescribed on an ongoing basis of at least one year or more;

(vii) The top twenty-five specialty drugs that are used for treatment of an immediate medical need and are likely to be prescribed for a short period of time and are unlikely to be renewed; and

(viii) The top twenty-five traditional drugs that are used for treatment of an immediate medical need, are likely to be prescribed for a short period of time, and are unlikely to be renewed.

(2) Data required by this section must be delivered to the legislature in a form that allows a direct monthly cost, drug-to-drug comparison between state agencies and between federal purchasers, to the extent permitted by federal law.

(3) For the purposes of this section "state agency" means any state agency responsible for the purchase of or reimbursement for prescription drugs. This includes the health care authority, the department of social and health services, the department of labor and industries, and the department of corrections.

NEW SECTION. **Sec.**  If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state, the conflicting part of this act is inoperative solely to the extent of the conflict and with respect to the agencies directly affected, and this finding does not affect the operation of the remainder of this act in its application to the agencies concerned. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state.

NEW SECTION. **Sec.**  Sections 1 through 4 of this act constitute a new chapter in Title 69 RCW.

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