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SENATE BILL 5027

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State of Washington

57th Legislature

2001 Regular Session

By Senators Franklin, Winsley, Regala and Costa

Read first time 01/08/2001. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to the purchase of prescription drugs by public  
2 entities; creating a new section; and making an appropriation.

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

4 NEW SECTION. **Sec. 1.** (1) The Washington state health care  
5 authority, in consultation with the department of social and health  
6 services, shall contract with a qualified independent entity to conduct  
7 a study to determine the feasibility of aggregating the purchase and  
8 distribution of prescription drugs for all of the following:

9 (a) Participants in the medicaid program;

10 (b) Enrollees in the medicare program;

11 (c) Members and others who purchase health care services through  
12 the health benefits program of the public employees' benefits board;

13 (d) Any other individuals on whose behalf the state, county, or  
14 local government entity provides funds or subsidizes, in whole or in  
15 part, the purchase of prescription drugs or prescription drug benefits;

16 (e) Washington residents fifty-five years of age or older who have  
17 limited or no insurance coverage for prescription drugs; and

18 (f) Washington residents less than fifty-five years of age who have  
19 limited or no insurance coverage for prescription drugs.

1 (2) The study required by subsection (1) of this section must  
2 specifically and separately assess the feasibility of including in the  
3 aggregate large Washington private sector purchasers of prescription  
4 drugs. The study shall assess possible effects that the inclusion of  
5 these purchasers could have on the economy, specifically relating to  
6 prescription drug manufacturers, biotechnology firms, and pharmacies,  
7 and shall evaluate the extent to which inclusion of these purchasers  
8 would be marginally cost-effective relative to the aggregate specified  
9 in subsection (1) of this section.

10 (3)(a) The study shall determine the impact that an aggregate  
11 purchasing program would have on the medicaid contract drug program,  
12 including the extent to which the purchasing program would increase or  
13 reduce the net cost of drugs in the medicaid program.

14 (b) The study shall recommend the optimal configuration, if any, of  
15 an aggregate purchasing program, based on the following factors:

16 (i) The state's funding capabilities;

17 (ii) The extent to which the program could be implemented in  
18 accordance with existing federal law; and

19 (iii) The extent to which the program would not reduce the scope of  
20 benefits, or access to medically necessary medications for program  
21 participants.

22 (c) If an alternative program is deemed feasible, the study shall  
23 identify the number of individuals who would be eligible or required to  
24 participate in the alternative program, and the specific steps that  
25 would be necessary to implement the alternative program, including any  
26 necessary changes to state law.

27 (4) Nothing in this section shall permit, or be construed to  
28 permit, a breach of the confidentiality of contracts or agreements  
29 between the medicaid program and pharmaceutical manufacturers.

30 (5) Upon the request of the Washington state health care authority,  
31 each entity set forth in subsection (1) of this section shall designate  
32 an individual to provide information regarding the entity's program,  
33 for purposes of completing the study.

34 (6) The Washington state health care authority, within eighteen  
35 months after securing full funding for the study, shall submit the  
36 results of the study to the legislature and the governor. If the  
37 results of the study indicate that the program is not feasible or would  
38 result in a reduction in the quality of care for program beneficiaries,  
39 that fact shall be clearly stated. A program proposed under this

1 section to aggregate the purchase of prescription drugs by more than  
2 one of the entities set forth in subsection (1)(a) through (e) of this  
3 section shall not be implemented without the enactment of a statute.

4 (7) The Washington state health care authority and the department  
5 of social and health services may receive gifts, grants, or endowments  
6 from public or private sources that are made from time to time, in  
7 trust or otherwise, for the use and benefit of the purposes of this  
8 act, and spend gifts, grants, or endowments or income from the public  
9 or private sources according to their terms, unless receipt of the  
10 gifts, grants, or endowments violates RCW 42.17.710.

11 NEW SECTION. **Sec. 2.** The sum of . . . . dollars, or as much  
12 thereof as may be necessary, is appropriated for the fiscal year ending  
13 June 30, 2002, from the general fund to the Washington state health  
14 care authority for the purposes of this act.

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