
SUBSTITUTE SENATE BILL 5026

State of Washington 57th Legislature

2002 Regular Session

By Senate Committee on Health & Long-Term Care (originally sponsored by Senators Franklin, Thibaudeau, Kohl-Welles, Winsley, Regala and Costa)

READ FIRST TIME 02/08/2002.

1 AN ACT Relating to the aggregate purchasing prescription drug
2 discount program; amending RCW 41.05.011; adding new sections to
3 chapter 41.05 RCW; and creating new sections.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that prescription
6 drugs play an increasingly significant role in maintaining and
7 improving the health of Washington residents. But the cost of these
8 drugs is placing a growing strain on state health care programs. For
9 those people not covered by these programs, or otherwise uninsured, the
10 high costs may limit their access to medications altogether. However,
11 by maximizing its purchasing power and taking better advantage of its
12 position as a major buyer of prescription drugs, the state should be
13 able to reduce the price it pays for such drugs across all state
14 programs, and offer some relief to others in need who lack prescription
15 drug coverage. To further this purpose, there is created the aggregate
16 purchasing prescription drug discount program.

17 **Sec. 2.** RCW 41.05.011 and 2001 c 165 s 2 are each amended to read
18 as follows:

1 Unless the context clearly requires otherwise, the definitions in
2 this section shall apply throughout this chapter.

3 (1) "Administrator" means the administrator of the authority.

4 (2) "State purchased health care" or "health care" means medical
5 and health care, pharmaceuticals, and medical equipment purchased with
6 state and federal funds by the department of social and health
7 services, the department of health, the basic health plan, the state
8 health care authority, the department of labor and industries, the
9 department of corrections, the department of veterans affairs, and
10 local school districts.

11 (3) "Authority" means the Washington state health care authority.

12 (4) "Insuring entity" means an insurer as defined in chapter 48.01
13 RCW, a health care service contractor as defined in chapter 48.44 RCW,
14 or a health maintenance organization as defined in chapter 48.46 RCW.

15 (5) "Flexible benefit plan" means a benefit plan that allows
16 employees to choose the level of health care coverage provided and the
17 amount of employee contributions from among a range of choices offered
18 by the authority.

19 (6) "Employee" includes all full-time and career seasonal employees
20 of the state, whether or not covered by civil service; elected and
21 appointed officials of the executive branch of government, including
22 full-time members of boards, commissions, or committees; and includes
23 any or all part-time and temporary employees under the terms and
24 conditions established under this chapter by the authority; justices of
25 the supreme court and judges of the court of appeals and the superior
26 courts; and members of the state legislature or of the legislative
27 authority of any county, city, or town who are elected to office after
28 February 20, 1970. "Employee" also includes: (a) Employees of a
29 county, municipality, or other political subdivision of the state if
30 the legislative authority of the county, municipality, or other
31 political subdivision of the state seeks and receives the approval of
32 the authority to provide any of its insurance programs by contract with
33 the authority, as provided in RCW 41.04.205; (b) employees of employee
34 organizations representing state civil service employees, at the option
35 of each such employee organization, and, effective October 1, 1995,
36 employees of employee organizations currently pooled with employees of
37 school districts for the purpose of purchasing insurance benefits, at
38 the option of each such employee organization; and (c) employees of a
39 school district if the authority agrees to provide any of the school

1 districts' insurance programs by contract with the authority as
2 provided in RCW 28A.400.350.

3 (7) "Board" means the public employees' benefits board established
4 under RCW 41.05.055.

5 (8) "Retired or disabled school employee" means:

6 (a) Persons who separated from employment with a school district or
7 educational service district and are receiving a retirement allowance
8 under chapter 41.32 or 41.40 RCW as of September 30, 1993;

9 (b) Persons who separate from employment with a school district or
10 educational service district on or after October 1, 1993, and
11 immediately upon separation receive a retirement allowance under
12 chapter 41.32, 41.35, or 41.40 RCW;

13 (c) Persons who separate from employment with a school district or
14 educational service district due to a total and permanent disability,
15 and are eligible to receive a deferred retirement allowance under
16 chapter 41.32, 41.35, or 41.40 RCW.

17 (9) "Benefits contribution plan" means a premium only contribution
18 plan, a medical flexible spending arrangement, or a cafeteria plan
19 whereby state and public employees may agree to a contribution to
20 benefit costs which will allow the employee to participate in benefits
21 offered pursuant to 26 U.S.C. Sec. 125 or other sections of the
22 internal revenue code.

23 (10) "Salary" means a state employee's monthly salary or wages.

24 (11) "Participant" means an individual who fulfills the eligibility
25 and enrollment requirements under the benefits contribution plan.

26 (12) "Plan year" means the time period established by the
27 authority.

28 (13) "Separated employees" means persons who separate from
29 employment with an employer as defined in:

30 (a) RCW 41.32.010(11) on or after July 1, 1996; or

31 (b) RCW 41.35.010 on or after September 1, 2000; or

32 (c) RCW 41.40.010 on or after March 1, 2002;

33 and who are at least age fifty-five and have at least ten years of
34 service under the teachers' retirement system plan 3 as defined in RCW
35 41.32.010(40), the Washington school employees' retirement system plan
36 3 as defined in RCW 41.35.010, or the public employees' retirement
37 system plan 3 as defined in RCW 41.40.010.

38 (14) "Emergency service personnel killed in the line of duty" means
39 law enforcement officers and fire fighters as defined in RCW 41.26.030,

1 and reserve officers and fire fighters as defined in RCW 41.24.010 who
2 die as a result of injuries sustained in the course of employment as
3 determined consistent with Title 51 RCW by the department of labor and
4 industries.

5 (15) "Prescription drug program" means a program administered by a
6 state agency pursuant to which prescription drugs are purchased or
7 reimbursement for the purchase of prescription drugs is provided, or
8 any state agency making such a purchase or reimbursement.

9 (16) "Wholesaler" means a corporation, individual, or other entity
10 that buys drugs or devices for resale and distributes the drugs or
11 devices to corporations, individuals, or entities other than consumers.

12 (17) "Manufacturer" means anyone who is engaged in manufacturing,
13 preparing, propagating, compounding, processing, packaging,
14 repackaging, or labeling a drug. However, a pharmacist compounding
15 drugs to be dispensed from the pharmacy in which the drugs are
16 compounded pursuant to prescriptions for individual patients is not a
17 manufacturer.

18 (18) "Supplier" means a wholesaler or manufacturer.

19 NEW SECTION. Sec. 3. A new section is added to chapter 41.05 RCW
20 to read as follows:

21 No later than July 1, 2003, the health care authority must
22 implement a program to aggregate the purchase of prescription drugs
23 from suppliers for prescription drug programs in this state, to be
24 known as the "aggregate purchasing prescription drug discount program."
25 The authority may contract with an outside manager to administer this
26 program, which includes the following components:

27 (1) Price discounts on prescription drugs negotiated by the health
28 care authority or manager with prescription drug suppliers on behalf of
29 prescription drug programs in this state.

30 (2) A means to make the negotiated price discounts available to any
31 person who is:

32 (a) A resident of the state of Washington;

33 (b) Ineligible for medicaid prescription benefits;

34 (c) Ineligible for, or not receiving, or both, a prescription drug
35 benefit under a medicare supplemental policy or any other third-party
36 payer prescription benefit; and

37 (d)(i) At least fifty-five years old; or

1 (ii) Between the ages of nineteen and fifty-four who is otherwise
2 eligible for benefits under Title II of the social security act
3 (federal old-age, survivors, and disability insurance benefits).

4 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.05 RCW
5 to read as follows:

6 The health care authority may adopt rules to implement this act.

7 NEW SECTION. **Sec. 5.** By January 1, 2003, the administrator of the
8 health care authority must submit to the governor and the legislature
9 a progress report regarding the implementation of the aggregate
10 purchasing prescription drug discount program.

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