
ENGROSSED SUBSTITUTE HOUSE BILL 2469

State of Washington

58th Legislature

2004 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives G. Simpson, Campbell, Conway, Clements, Upthegrove, O'Brien, Cody, Cooper, Bush, Dickerson, Dunshee, Darneille, Hunt, Wood, Chase, Linville, Moeller, Morrell, Rockefeller, Clibborn, Lantz and Schual-Berke)

READ FIRST TIME 02/10/04.

1 AN ACT Relating to prescription drugs; amending RCW 70.14.050 and
2 41.05.500; and creating new sections.

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

4 **Sec. 1.** RCW 70.14.050 and 2003 1st sp.s. c 29 s 9 are each amended
5 to read as follows:

6 (1) Each agency administering a state purchased health care program
7 as defined in RCW 41.05.011(2) shall, in cooperation with other
8 agencies, take any necessary actions to control costs without reducing
9 the quality of care when reimbursing for or purchasing drugs. To
10 accomplish this purpose, participating agencies may establish an
11 evidence-based prescription drug program.

12 (2) In developing the evidence-based prescription drug program
13 authorized by this section, agencies:

14 (a) Shall prohibit reimbursement for drugs that are determined to
15 be ineffective by the United States food and drug administration;

16 (b) Shall adopt rules in order to ensure that less expensive
17 generic drugs will be substituted for brand name drugs in those
18 instances where the quality of care is not diminished;

1 (c) Where possible, may authorize reimbursement for drugs only in
2 economical quantities;

3 (d) May limit the prices paid for drugs by such means as negotiated
4 discounts from pharmaceutical manufacturers, central purchasing, volume
5 contracting, purchasing drugs from approved pharmacies or wholesalers
6 in Canada, or setting maximum prices to be paid;

7 (e) Shall consider the approval of drugs with lower abuse potential
8 in substitution for drugs with significant abuse potential;

9 (f) May take other necessary measures to control costs of drugs
10 without reducing the quality of care; and

11 (g) Shall adopt rules governing practitioner endorsement and use of
12 any list developed as part of the program authorized by this section.

13 (3) Agencies shall provide for reasonable exceptions, consistent
14 with RCW 69.41.190, to any list developed as part of the program
15 authorized by this section.

16 (4) Agencies shall establish an independent pharmacy and
17 therapeutics committee to evaluate the effectiveness of prescription
18 drugs in the development of the program authorized by this section.

19 **Sec. 2.** RCW 41.05.500 and 2003 1st sp.s. c 29 s 3 are each amended
20 to read as follows:

21 (1) In negotiating price discounts with prescription drug
22 manufacturers for state purchased health care programs, the health care
23 authority shall also negotiate such discounts for any Washington
24 resident:

25 (a) Whose family income does not exceed three hundred percent of
26 the federal poverty level as adjusted for family size and determined
27 annually by the federal department of health and human services;

28 (b) Whose existing prescription drug need is not covered by
29 insurance; and

30 (c) Who is: (i) At least fifty years old; or (ii) between the ages
31 of nineteen and forty-nine and is otherwise eligible for benefits under
32 Title II of the social security act, federal old age, survivors, and
33 disability insurance benefits.

34 (2)(a) An attestation, which shall be submitted to the
35 administrator, from an individual that the individual's family income
36 does not exceed three hundred percent of the federal poverty level is

1 sufficient to satisfy the eligibility requirement of subsection (1)(a)
2 of this section.

3 (b) Any person willfully making a false statement in order to
4 qualify for discounts under this section is guilty of a misdemeanor.
5 Notice of such shall be included on the program enrollment form.

6 (3) The administrator shall charge participants in this program an
7 annual enrollment fee sufficient to offset the cost of program
8 administration.

9 (4) Any rebate or discount provided by a pharmaceutical
10 manufacturer and made available to individuals under this section shall
11 not be at the expense of retail pharmacies. This does not prohibit
12 participating state agencies from using discounted pharmacy
13 reimbursements for services or ingredients provided by the pharmacies.

14 (5) In addition to price discounts negotiated with pharmaceutical
15 manufacturers for state purchased health care programs and eligible
16 individuals, the health care authority is authorized to purchase, or
17 facilitate the purchase of, drugs approved by the food and drug
18 administration from Canadian pharmacies and wholesalers. The health
19 care authority shall develop an Internet web site and use the pharmacy
20 connection program established under RCW 41.05.520 to provide
21 information to Washington residents regarding opportunities to purchase
22 prescription drugs from Canada and the best means to ensure that any
23 prescription drugs they purchase have been safely manufactured,
24 distributed, and stored. The attorney general shall review the web
25 site and the information provided through the pharmacy connection
26 program and certify that they do not violate any applicable state or
27 federal law.

28 NEW SECTION. Sec. 3. Agencies administering a state-purchased
29 health care program shall not implement the provisions of this act
30 relating to the bulk purchasing of prescription drugs from Canada until
31 federal statutory or regulatory action is taken to authorize such
32 purchasing.

33 NEW SECTION. Sec. 4. If any part of this act is found to be in
34 conflict with federal requirements that are a prescribed condition to
35 the allocation of federal funds to the state, the conflicting part of
36 this act is inoperative solely to the extent of the conflict and with

1 respect to the agencies directly affected, and this finding does not
2 affect the operation of the remainder of this act in its application to
3 the agencies concerned. Rules adopted under this act must meet federal
4 requirements that are a necessary condition to the receipt of federal
5 funds by the state.

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