

1 **2SHB 1214 - H AMD 0015 FAILED 2-7-03**

2 By Representative Pflug

3 On page 1, line 5, strike everything after the enacting clause and
4 insert the following:

5 "NEW SECTION. **Sec. 1.** (1) The legislature finds that
6 prescription drugs are an effective and important part of efforts to
7 maintain and improve the health of Washington state residents. Yet
8 prescription drug expenditures in both the public and private sectors
9 are growing at rates far in excess of consumer or medical inflation,
10 placing a strain on the ability of public and private health care
11 purchasers to continue to offer comprehensive health benefits coverage.
12 In addition, inappropriate use of prescription drugs can have serious
13 health consequences for Washington state residents.

14 (2) It is the intent of the legislature to:

15 (a) Develop a comprehensive prescription drug education and
16 utilization system in Washington state that will ensure best
17 prescribing practices and pharmaceutical use, reduce administrative
18 burdens on providers, increase consumer understanding of and compliance
19 with appropriate use of prescription drugs, help to control increases
20 in consumer and state health care spending, and improve prescription
21 drug purchasing through a sound evidence-based process that evaluates
22 the therapeutic value and cost-effectiveness of prescription drugs; and

23 (b) Develop a program to promote access to affordable prescription
24 drug coverage to low-income aged or disabled persons who do not
25 otherwise have adequate coverage to purchase necessary and appropriate
26 prescription drugs.

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

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

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

32 (2) "State purchased health care" or "health care" means medical
33 and health care, pharmaceuticals, and medical equipment purchased with
34 state and federal funds by the department of social and health

1 services, the department of health, the basic health plan, the state
2 health care authority, the department of labor and industries, the
3 department of corrections, the department of veterans affairs, and
4 local school districts.

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

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

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

13 (6) "Employee" includes all full-time and career seasonal
14 employees of the state, whether or not covered by civil service;
15 elected and appointed officials of the executive branch of government,
16 including full-time members of boards, commissions, or committees; and
17 includes any or all part-time and temporary employees under the terms
18 and conditions established under this chapter by the authority;
19 justices of the supreme court and judges of the court of appeals and
20 the superior courts; and members of the state legislature or of the
21 legislative authority of any county, city, or town who are elected to
22 office after February 20, 1970. "Employee" also includes: (a)
23 Employees of a county, municipality, or other political subdivision of
24 the state if the legislative authority of the county, municipality, or
25 other political subdivision of the state seeks and receives the
26 approval of the authority to provide any of its insurance programs by
27 contract with the authority, as provided in RCW 41.04.205; (b)
28 employees of employee organizations representing state civil service
29 employees, at the option of each such employee organization, and,
30 effective October 1, 1995, employees of employee organizations
31 currently pooled with employees of school districts for the purpose of
32 purchasing insurance benefits, at the option of each such employee
33 organization; and (c) employees of a school district if the authority
34 agrees to provide any of the school districts' insurance programs by
35 contract with the authority as provided in RCW 28A.400.350.

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

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

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

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

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

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

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

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

19 (12) "Plan year" means the time period established by the
20 authority.

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

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

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

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

26 and who are at least age fifty-five and have at least ten years of
27 service under the teachers' retirement system plan 3 as defined in RCW
28 41.32.010(40), the Washington school employees' retirement system plan
29 3 as defined in RCW 41.35.010, or the public employees' retirement
30 system plan 3 as defined in RCW 41.40.010.

31 (14) "Emergency service personnel killed in the line of duty"
32 means law enforcement officers and fire fighters as defined in RCW
33 41.26.030, and reserve officers and fire fighters as defined in RCW
34 41.24.010 who die as a result of injuries sustained in the course of
35 employment as determined consistent with Title 51 RCW by the department
36 of labor and industries.

37 (15) "Prescription drug board" means the prescription drug
38 advisory board created in section 3 of this act.

1 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.05 RCW
2 to read as follows:

3 (1) The prescription drug advisory board is created within the
4 authority. The function of the prescription drug board is to provide
5 advice and guidance on prescription drug policies and programs
6 established under section 4 of this act.

7 (2) The prescription drug board shall be composed of eleven
8 members selected as provided in this subsection.

9 (a) The governor shall select one member of the prescription drug
10 board from lists of three nominees submitted by statewide organizations
11 representing each of the following:

12 (i) One representative of state employees, who represents an
13 employee union certified as exclusive representative of at least one
14 bargaining unit of classified employees;

15 (ii) One member who is a licensed physician;

16 (iii) One member who is a licensed pharmacist;

17 (iv) One member representing a health carrier licensed under Title
18 48 RCW;

19 (v) One member representing a private union;

20 (vi) One member representing the biotechnology industry; and

21 (vii) One member representing nonprofit hospitals.

22 (b) The governor shall select two members of the prescription drug
23 board from a list of nominees submitted by statewide organizations
24 representing consumers, one of whom shall represent individuals under
25 age sixty-five without insurance coverage for prescription drugs and
26 one of whom shall represent individuals over age sixty-five without
27 insurance coverage for prescription drugs; and

28 (c) The governor shall select two members of the prescription drug
29 board from a list of nominees submitted by statewide organizations
30 representing business, one of whom shall represent small businesses who
31 employ fifty or fewer employees and one of whom shall represent large
32 businesses.

33 (3) The governor shall appoint the initial members of the
34 prescription drug board to staggered terms not to exceed four years.
35 Members appointed thereafter shall serve two-year terms. Members of
36 the prescription drug board shall be reimbursed for their travel
37 expenses while on official business in accordance with RCW 43.03.050
38 and 43.03.060. The members of the board shall elect a member to serve

1 as chair of the prescription drug board. Meetings of the prescription
2 drug board shall be at the call of the chair.

3 (4) Members of the prescription drug board are immune from civil
4 liability for any official acts performed in good faith as members of
5 the board.

6
7 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.05 RCW
8 to read as follows:

9 The health care authority shall, directly or by contract:

10 (a) Adopt a preferred drug list for use as provided in this act
11 through the establishment of a pharmacy and therapeutics committee.
12 The preferred drug list shall exclude drugs used to treat mental
13 illness, cancer, the acquired human immunodeficiency virus, and
14 diabetes.

15 (i) The pharmacy and therapeutics committee shall be comprised of
16 practicing licensed physicians, other practicing licensed health
17 professionals with prescriptive authority, practicing licensed
18 pharmacists, and pharmacoeconomists. At least one licensed health
19 professional with prescriptive authority and one pharmacist must have
20 demonstrated experience in serving women, children, and people of
21 color. The membership composition must be consistent with applicable
22 federal requirements under Title XIX of the federal social security act
23 to allow full participation by the department of social and health
24 services or other state agencies in activities under this act.

25 (ii) The pharmacy and therapeutics committee shall review
26 nationally recognized therapeutic drug classes. The committee must use
27 an evidence-based process that evaluates the efficacy of prescription
28 drugs, considering safety, efficacy, likelihood of compliance,
29 outcomes, and any unique impacts on specific populations based upon
30 factors such as sex, age, ethnicity, race, or disability. For each
31 therapeutic class reviewed, the committee must identify the
32 prescription drugs determined to be most clinically effective, and if
33 applicable, equally effective. If there is insufficient evidence or no
34 evidence to establish whether a drug is equally effective, cost shall
35 not be the determining factor in identifying a drug for the preferred
36 drug list. Decisions of the pharmacy and therapeutics committee
37 regarding the clinical effectiveness of drugs within a therapeutic
38 class are binding on the authority.

1 If a substantial number of prescribers in a peer group are
2 frequently prescribing nonpreferred drugs in one or more therapeutic
3 classes, the administrator must provide the pharmacy and therapeutics
4 committee with information on these prescribing patterns to enable the
5 committee to review their decisions related to the affected therapeutic
6 classes.

7 (iii) State purchased health care programs shall adopt the
8 preferred drug list established by the authority for those components
9 of their programs that purchase prescription drugs directly or through
10 reimbursement of retail pharmacies consistent with the scope of
11 benefits offered through those programs. In administering prescription
12 drug benefits under state purchased health care programs, agencies
13 shall honor an endorsing prescriber's direction to dispense a
14 prescription drug as written on the prescription order or to continue
15 therapy with the drug classes included in section 13 of this act.

16 (iv) Within one hundred twenty days following establishment of the
17 pharmacy and therapeutics committee, the drug utilization and education
18 council within the department of social and health services shall be
19 disbanded and its functions transferred to the pharmacy and
20 therapeutics committee.

21 (v) If a particular class of drugs is being used in a disease
22 management program sponsored by a state purchased health care program,
23 efforts shall be made to ensure that the preferred drugs in that class
24 are consistent with protocols or algorithms used in the disease
25 management program.

26 (vi) Members of the pharmacy and therapeutics committee are immune
27 from civil liability for any official acts performed in good faith as
28 members of the committee;

29 (b) Establish drug utilization management policies. State
30 purchased health care programs shall adopt these drug utilization
31 management policies consistent with the scope of benefits offered and
32 populations served through programs administered by that program and
33 may implement the policies directly or by contract or interagency
34 agreement. To ensure full participation by the department of social
35 and health services in drug utilization management activities under
36 this act, the policies must be consistent with drug utilization review
37 requirements of Title XIX of the federal social security act. The
38 pharmacy and therapeutics committee shall conduct drug utilization

1 management activities for state purchased health care programs as
2 directed by the authority;

3 (c) Develop prescriber and consumer education policies. State
4 purchased health care programs shall adopt these prescriber and
5 consumer policies and implement them directly or by contract or
6 interagency agreement. Effective prescriber education policies are
7 intended to result in better compliance of prescribers with the
8 preferred drug list and increased cost savings. Prescriber education
9 policies should be adequately funded and designed to educate
10 prescribers to prevent use of more expensive prescription drugs of no
11 greater clinical benefit, to increase prescribers' awareness of the
12 preferred drug list and the credible evidence-based process used to
13 develop it, and the ability to direct that prescriptions be dispensed
14 as written;

15 (d) Adopt policies necessary for establishment of cross-agency
16 prescription drug purchasing activities. The administrator shall
17 implement the prescription drug purchasing policies, and shall
18 coordinate state purchased health care programs' participation. State
19 purchased health care programs shall coordinate the purchase of
20 prescription drugs for those prescription drugs that are purchased
21 directly by the state and those that are purchased through
22 reimbursement of retail pharmacies, unless exempted under section 14 of
23 this act. The administrator shall explore joint purchasing
24 opportunities with other states to achieve quality cost-effective
25 prescription drug coverage for participating state agencies.

26 (e) Develop an operating plan for a public/private prescription
27 drug purchasing consortium and present the plan to appropriate
28 committees of the senate and house of representatives by January 1,
29 2005. The operating plan will go into effect on July 1, 2005 unless
30 the legislature takes official action to modify or prohibit the
31 operating plan. The authority shall provide reports to the legislature
32 on January 1, 2006 and January 1, 2007 on the costs and benefits of the
33 purchasing consortium to participating individuals and private
34 entities.

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

37 Members of the prescription drug board, the pharmacy and
38 therapeutics committee, or any committee that may be established to

1 carry out activities under this act are prohibited from being employed
2 by a pharmaceutical manufacturer, a pharmacy benefits management
3 company, or be employed by any agency administering state purchased
4 health care programs, except as specified in section 3(2)(d), (e), and
5 (f) of this act. As a condition of appointment to the prescription
6 drug board or any committee, each member must disclose any potential
7 conflict of interest, including receipt of any remuneration, grants, or
8 other compensation from a pharmaceutical manufacturer or pharmaceutical
9 benefits management company.

10 NEW SECTION. **Sec. 6.** A new section is added to chapter 41.05 RCW
11 to read as follows:

12 The administrator shall:

13 (1) Directly or by interagency agreement or contract, distribute
14 the initial preferred drug list and any subsequent revisions to every
15 provider with prescriptive authority, including with it a description
16 of how the list was developed, how it will be used, and requesting his
17 or her endorsement;

18 (2) Obtain in writing from all prescribers either: (a) An
19 affirmative statement endorsing the preferred drug list and
20 acknowledging the therapeutic substitution authority granted to
21 pharmacists when there is no direction to dispense the prescription as
22 written, or (b) a statement declining to endorse the preferred drug
23 list; and

24 (3) Provide each pharmacy with a listing of the prescribers who
25 have not endorsed the preferred drug list.

26 NEW SECTION. **Sec. 7.** A new section is added to chapter 74.09 RCW
27 to read as follows:

28 (1) There is established a program to be known as the senior
29 prescription drug assistance program. To the extent funds are
30 appropriated specifically for this purpose, and subject to any
31 conditions placed on appropriations made for this purpose, the
32 department shall design and administer the senior prescription drug
33 assistance program. Neither the benefits of, nor eligibility for, the
34 program is considered to be an entitlement.

35 (2) The department is directed to obtain necessary federal waivers
36 to implement this program. Consistent with federal waiver conditions,
37 the department is authorized to charge enrollment fees, premiums, or

1 point-of-service cost-sharing to enrollees of the program. In addition
2 to seeking a federal waiver, the department shall develop a state-only
3 alternative that does not require federal approval or funding.

4 (3) Eligibility for this program is limited to persons: (a) Who
5 are age sixty-five and older; (b) whose family income does not exceed
6 two hundred percent of the federal poverty level as adjusted for family
7 size and determined annually by the federal department of health and
8 human services; (c) who do not otherwise have insurance that provides
9 prescription drug coverage; and (d) who are not otherwise eligible
10 under Title XIX of the federal social security act.

11 (4) The department is authorized to use a cost-effective
12 prescription drug benefit design. Consistent with federal waiver
13 conditions, this benefit design can be different than the benefit
14 design offered under the medical assistance program. The benefit
15 design may include a deductible benefit that provides coverage when
16 enrollees incur higher prescription drug costs as defined by the
17 department. The department also may offer more than one benefit
18 design.

19 (5) The department is authorized to limit enrollment of persons
20 who qualify for the program so as to prevent an overexpenditure of
21 appropriations for this program or to assure necessary compliance with
22 federal waiver budget neutrality requirements. The department shall
23 not reduce existing medical assistance program eligibility or benefits
24 to assure compliance with federal waiver budget neutrality
25 requirements.

26 (6) No funds from an approved federal waiver that allows for the
27 collection of premiums from medicaid clients will be used to finance
28 the medicaid prescription drug assistance program.

29 (7) This program will be terminated within twelve months after
30 implementation of a prescription drug benefit under Title XVIII of the
31 social security act.

32 (8) The department shall provide recommendations to the
33 appropriate committees of the senate and house of representatives by
34 November 15, 2003, on financing options available to support the
35 prescription drug assistance program. In recommending financing
36 options, the department shall explore every opportunity to maximize
37 federal funding to support the program.

1 **Sec. 8.** RCW 43.72.900 and 2002 c 371 s 909 are each amended to read as
2 follows:

3 (1) The health services account is created in the state treasury.
4 Moneys in the account may be spent only after appropriation. Subject
5 to the transfers described in subsection (3) of this section, moneys in
6 the account may be expended only for maintaining and expanding health
7 services access for low-income residents, maintaining and expanding the
8 public health system, maintaining and improving the capacity of the
9 health care system, containing health care costs, and the regulation,
10 planning, and administering of the health care system.

11 (2) Funds deposited into the health services account under RCW
12 82.24.028 and 82.26.028 shall be used solely as follows:

13 (a) Five million dollars for the state fiscal year beginning July
14 1, 2002, and five million dollars for the state fiscal year beginning
15 July 1, 2003, shall be appropriated by the legislature for programs
16 that effectively improve the health of low-income persons, including
17 efforts to reduce diseases and illnesses that harm low-income persons.
18 The department of health shall submit a report to the legislature on
19 March 1, 2002, evaluating the cost-effectiveness of programs that
20 improve the health of low-income persons and address diseases and
21 illnesses that disproportionately affect low-income persons, and making
22 recommendations to the legislature on which of these programs could
23 most effectively utilize the funds appropriated under this subsection.

24 (b) Ten percent of the funds deposited into the health services
25 account under RCW 82.24.028 and 82.26.028 remaining after the
26 appropriation under (a) of this subsection shall be transferred no less
27 frequently than annually by the treasurer to the ~~tobacco prevention and~~
28 ~~control account established by RCW 43.79.480.~~ The funds transferred
29 ~~shall be used exclusively for implementation of the Washington state~~
30 ~~tobacco prevention and control plan and shall be used only to~~
31 ~~supplement, and not supplant, funds in the tobacco prevention and~~
32 ~~control account as of January 1, 2001, however, these funds may be used~~
33 ~~to replace funds appropriated by the legislature for further~~
34 ~~implementation of the Washington state tobacco prevention and control~~
35 ~~plan for the biennium beginning July 1, 2001. For each state fiscal~~
36 ~~year beginning on and after July 1, 2002, the legislature shall~~
37 ~~appropriate no less than twenty six million two hundred forty thousand~~
38 ~~dollars from the tobacco prevention and control account for~~
39 ~~implementation of the Washington state tobacco prevention and control~~

1 ~~plan. senior prescription assistance program account established under~~
2 ~~RCW..... (section 9 of this act).~~

3 (c) Because of its demonstrated effectiveness in improving the
4 health of low-income persons and addressing illnesses and diseases that
5 harm low-income persons, the remainder of the funds deposited into the
6 health services account under RCW 82.24.028 and 82.26.028 shall be
7 appropriated solely for Washington basic health plan enrollment as
8 provided in chapter 70.47 RCW. Funds appropriated pursuant to this
9 subsection (2)(c) must supplement, and not supplant, the level of state
10 funding needed to support enrollment of a minimum of one hundred
11 twenty-five thousand persons for the fiscal year beginning July 1,
12 2002, and every fiscal year thereafter. The health care authority may
13 enroll up to twenty thousand additional persons in the basic health
14 plan during the biennium beginning July 1, 2001, above the base level
15 of one hundred twenty-five thousand enrollees. The health care
16 authority may enroll up to fifty thousand additional persons in the
17 basic health plan during the biennium beginning July 1, 2003, above the
18 base level of one hundred twenty-five thousand enrollees. For each
19 biennium beginning on and after July 1, 2005, the health care authority
20 may enroll up to at least one hundred seventy-five thousand enrollees.
21 Funds appropriated under this subsection may be used to support
22 outreach and enrollment activities only to the extent necessary to
23 achieve the enrollment goals described in this section.

24 (3) Prior to expenditure for the purposes described in subsection
25 (2) of this section, funds deposited into the health services account
26 under RCW 82.24.028 and 82.26.028 shall first be transferred to the
27 following accounts to ensure the continued availability of previously
28 dedicated revenues for certain existing programs:

29 (a) To the violence reduction and drug enforcement account under
30 RCW 69.50.520, two million two hundred forty-nine thousand five hundred
31 dollars for the state fiscal year beginning July 1, 2001, four million
32 two hundred forty-eight thousand dollars for the state fiscal year
33 beginning July 1, 2002, seven million seven hundred eighty-nine
34 thousand dollars for the biennium beginning July 1, 2003, six million
35 nine hundred thirty-two thousand dollars for the biennium beginning
36 July 1, 2005, and six million nine hundred thirty-two thousand dollars
37 for each biennium thereafter, as required by RCW 82.24.020(2);

38 (b) To the health services account under this section, nine
39 million seventy-seven thousand dollars for the state fiscal year

1 beginning July 1, 2001, seventeen million one hundred eighty-eight
2 thousand dollars for the state fiscal year beginning July 1, 2002,
3 thirty-one million seven hundred fifty-five thousand dollars for the
4 biennium beginning July 1, 2003, twenty-eight million six hundred
5 twenty-two thousand dollars for the biennium beginning July 1, 2005,
6 and twenty-eight million six hundred twenty-two thousand dollars for
7 each biennium thereafter, as required by RCW 82.24.020(3); and

8 (c) To the water quality account under RCW 70.146.030, two million
9 two hundred three thousand five hundred dollars for the state fiscal
10 year beginning July 1, 2001, four million two hundred forty-four
11 thousand dollars for the state fiscal year beginning July 1, 2002,
12 eight million one hundred eighty-two thousand dollars for the biennium
13 beginning July 1, 2003, seven million eight hundred eighty-five
14 thousand dollars for the biennium beginning July 1, 2005, and seven
15 million eight hundred eighty-five thousand dollars for each biennium
16 thereafter, as required by RCW 82.24.027(2)(a).

17 During the 2001-2003 fiscal biennium, the legislature may transfer
18 from the health services account such amounts as reflect the excess
19 fund balance of the account.

20 NEW SECTION. **Sec. 9.** A new section is added to chapter 43.79 RCW
21 to read as follows:

22 The senior prescription drug assistance program account is created
23 in the state treasury. Funds deposited in the account shall be used
24 to support the activities of RCW _____(section 7 of this act).
25 Expenditures from the account are subject to appropriation.

26 NEW SECTION. **Sec. 10.** A new section is added to chapter 41.05
27 RCW to read as follows:

28 The administrator shall, directly or by interagency agreement or
29 contract, establish and operate a statewide senior prescription drug
30 information clearinghouse. The clearinghouse shall:

31 (1) Promote access to necessary prescription drugs for persons
32 over age sixty-five who reside in Washington state;

33 (2) Make information available on a statewide basis regarding
34 private and public programs that provide financial assistance to
35 seniors for the purchase of prescription drugs;

36 (3) Provide educational information about the preferred drug list
37 and methods to purchase prescription drugs most cost-effectively and

1 efficiently, including information about generic drugs and the
2 potential for dangerous drug interactions; and

3 (4) Provide individual education and assistance regarding
4 prescription drug financial assistance programs.

5 Prior to July 1, 2005, the administrator shall provide for an
6 evaluation of the effectiveness and potential continuation of the
7 clearinghouse.

8 NEW SECTION. **Sec. 11.** A new section is added to chapter 41.05
9 RCW to read as follows:

10 The administrator may solicit and accept grants or other funds
11 from public and private sources to support activities under this act,
12 including but not limited to consumer and provider education. Any
13 grants or funds received may be used to enhance these activities as
14 long as program standards established by the administrator are
15 maintained. Except for supplemental rebates, no money from the
16 pharmaceutical industry shall be used to support the activities under
17 this act. Private foundations shall be prohibited from passing through
18 funding from a pharmaceutical manufacturer when it gives the appearance
19 of a conflict of interest or an attempt to exert undue influence on the
20 implementation of this act. The administrator shall report to the
21 appropriate committees of the senate and house of representatives on
22 any grants or funds received under this section within thirty days of
23 their receipt.

24 NEW SECTION. **Sec. 12.** A new section is added to chapter 41.05
25 RCW to read as follows:

26 The administrator shall contract with an independent entity to
27 evaluate the implementation and impacts of the prescription drug
28 board's activities under this act.

29 (1) The evaluation shall assess:

30 (a) The degree to which the program has influenced prescription
31 drug prescribing practices among health care providers in Washington,
32 including a description of how prescribing practices may have changed;

33 (b) The impact of the program on quality of care and clinical
34 outcomes for persons enrolled in state purchased health care programs;

35 (c) The extent to which the program has lessened administrative
36 burdens on health care providers participating in state purchased
37 health care programs;

1 (d) The impact of the program on prescription drug expenditures
2 across state purchased health care programs; and

3 (e) The impact of the program on the utilization of, and
4 expenditures for, other health care services funded by state purchased
5 health care programs.

6 (2) The administrator shall make every effort to pursue and obtain
7 federal or private foundation funding for the evaluation from entities
8 such as the federal agency for health care research and quality or the
9 Milbank memorial fund. To ensure that results of the evaluation are
10 objective and unbiased, private foundation funds derived from the
11 pharmaceutical industry may not be used to fund the evaluation.

12 (3) The results of the evaluation must be submitted to the
13 governor and the legislature by January 1, 2007.

14 NEW SECTION. **Sec. 13.** A new section is added to chapter 69.41
15 RCW to read as follows:

16 Any pharmacist filling a prescription under the preferred drug
17 list program established under section 4 of this act shall substitute
18 the preferred drug for any nonpreferred drug in a given therapeutic
19 category, unless:

20 (1) The endorsing prescriber has indicated on the prescription
21 that the nonpreferred drug must be dispensed as written; or

22 (2) The prescription is for a refill of an antipsychotic,
23 chemotherapy, antiretroviral, or immunosuppressive drug, in which case
24 the pharmacist shall dispense the nonpreferred drug as written. When
25 a substitution is made, on a new prescription or as a result of a
26 change in the preferred drug within a therapeutic class, the prescriber
27 must be notified in writing by the dispensing pharmacist of the
28 specific drug and dose dispensed.

29 NEW SECTION. **Sec. 14.** A new section is added to chapter 41.05
30 RCW to read as follows:

31 Nothing in this act preempts state-owned or managed hospitals
32 licensed under chapter 70.41 RCW from aggregate purchasing through
33 other programs. These hospitals may choose to participate in the
34 preferred drug list program under section 4 of this act if drugs can be
35 obtained at lower cost.

1 NEW SECTION. **Sec. 15.** A new section is added to chapter 41.05
2 RCW to read as follows:

3 This act does not apply to state purchased health care services
4 that are purchased from or through managed care organizations, or group
5 model health maintenance organizations that are accredited by the
6 national committee for quality assurance. The administrator shall
7 exempt those prescribers that practice in a group model health
8 maintenance organization that is accredited by the national committee
9 for quality assurance from the endorsement provisions of section 6 of
10 this act.

11 NEW SECTION. **Sec. 16.** The therapeutic consultation service
12 operated by the department of social and health services, with the
13 exception of the intensive benefits management and academic detailing
14 components of the program, expires on July 1, 2005. However, the
15 department shall terminate the therapeutic consultation service four
16 brand limit program component earlier if, upon monitoring prescriber
17 compliance with the preferred drug list and trends in the therapeutic
18 consultation service four brand limit program component, the department
19 determines the number of pharmacy claims that trigger the four brand
20 edit exception under therapeutic consultation services is below the
21 threshold set by the legislature in the biennial omnibus operating
22 budget bill for three consecutive months. The threshold is the point
23 where anticipated savings associated with the therapeutic consultation
24 service four brand limit program component no longer justify its
25 operation due to the implementation of this act.

26 NEW SECTION. **Sec. 17.** A new section is added to chapter 41.05
27 RCW to read as follows:

28 The health care authority and agencies that administer state
29 purchased health care programs are authorized to adopt rules
30 implementing this act.

31 NEW SECTION. **Sec. 18.** If specific funding for this act
32 referencing this act by bill or chapter number, is not provided by June
33 30, 2003, in the omnibus appropriations act, this act is null and void.

34 NEW SECTION. **Sec. 19.** If any provision of this act or its
35 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

3 NEW SECTION. **Sec. 20.** If any part of this act is found to be in
4 conflict with federal requirements that are a prescribed condition to
5 the allocation of federal funds to the state, the conflicting part of
6 this act is inoperative solely to the extent of the conflict and with
7 respect to the agencies directly affected, and this finding does not
8 affect the operation of the remainder of this act in its application to
9 the agencies concerned. Rules adopted under this act must meet federal
10 requirements that are a necessary condition to the receipt of federal
11 funds by the state.

12 NEW SECTION. **Sec. 21.** This act is necessary for the immediate
13 preservation of the public peace, health, or safety, or support of the
14 state government and its existing public institutions, and takes effect
15 immediately."

16 Correct the title.

17 --- END ---

EFFECT: Changes the prescription drug board from a policy making board to an advisory committee. Reduces the compensation for committee members to be consistent with their revised responsibilities. Transfers the powers and duties for creating and operating the prescription drug program from the prescription drug board to the Health Care Authority. Delays the creation of the public/private purchasing consortium until July, 2005. Eliminates the prescription drug consortium account. Modifies the Health Services Account to provide funding for the senior prescription drug assistance program. Exempts drugs used to treat mental illness, cancer, HIV/AIDS, and diabetes from the preferred drug list.