

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 5471

Chapter 129, Laws of 2005

59th Legislature
2005 Regular Session

PRESCRIPTION DRUG PURCHASING CONSORTIUM

EFFECTIVE DATE: 7/24/05

Passed by the Senate March 10, 2005
YEAS 25 NAYS 24

BRAD OWEN

President of the Senate

Passed by the House April 6, 2005
YEAS 56 NAYS 42

FRANK CHOPP

Speaker of the House of Representatives

Approved April 21, 2005.

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5471** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

FILED

April 21, 2005 - 3:59 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 5471

Passed Legislature - 2005 Regular Session

State of Washington

59th Legislature

2005 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Thibaudeau, Keiser, Fraser, Berkey, Poulsen, Kline, Franklin, Brown, Haugen, McAuliffe, Rockefeller and Kohl-Welles; by request of Governor Gregoire)

READ FIRST TIME 03/08/05.

1 AN ACT Relating to authorizing a prescription drug purchasing
2 consortium; adding new sections to chapter 70.14 RCW; and creating new
3 sections.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 70.14 RCW
6 to read as follows:

7 (1) The administrator of the state health care authority shall,
8 directly or by contract, adopt policies necessary for establishment of
9 a prescription drug purchasing consortium. The consortium's purchasing
10 activities shall be based upon the evidence-based prescription drug
11 program established under RCW 70.14.050. State purchased health care
12 programs as defined in RCW 41.05.011 shall purchase prescription drugs
13 through the consortium for those prescription drugs that are purchased
14 directly by the state and those that are purchased through
15 reimbursement of pharmacies, unless exempted under this section. The
16 administrator shall not require any supplemental rebate offered to the
17 department of social and health services by a pharmaceutical
18 manufacturer for prescription drugs purchased for medical assistance
19 program clients under chapter 74.09 RCW be extended to any other state

1 purchased health care program, or to any other individuals or entities
2 participating in the consortium. The administrator shall explore joint
3 purchasing opportunities with other states.

4 (2) Participation in the purchasing consortium shall be offered as
5 an option beginning January 1, 2006. Participation in the consortium
6 is purely voluntary for units of local government, private entities,
7 labor organizations, and for individuals who lack or are underinsured
8 for prescription drug coverage. The administrator may set reasonable
9 fees, including enrollment fees, to cover administrative costs
10 attributable to participation in the prescription drug consortium.

11 (3) The prescription drug consortium advisory committee is created
12 within the authority. The function of the prescription drug advisory
13 committee is to advise the administrator of the state health care
14 authority on the implementation of the prescription drug purchasing
15 consortium.

16 (4) The prescription drug consortium advisory committee shall be
17 composed of eleven members selected as provided in this subsection.

18 (a) The administrator shall select one member of the prescription
19 drug consortium advisory committee from each list of three nominees
20 submitted by statewide organizations representing the following:

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

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

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

26 (iv) One member who is a licensed advanced registered nurse
27 practitioner;

28 (v) One member representing a health carrier licensed under Title
29 48 RCW; and

30 (vi) One member representing unions that represent private sector
31 employees;

32 (b) The administrator shall select two members of the advisory
33 committee from a list of nominees submitted by statewide organizations
34 representing consumers. One of the consumer members shall have
35 knowledge or experience regarding senior citizen prescription drug cost
36 and utilization issues;

37 (c) The administrator shall select two members of the advisory
38 committee from a list of nominees submitted by statewide organizations

1 representing business, one of whom shall represent small businesses who
2 employ fifty or fewer employees and one of whom shall represent large
3 businesses; and

4 (d) The administrator shall select one member who is versed in
5 biologic medicine through research or academia from the University of
6 Washington or Washington State University.

7 (5) The administrator shall consult with the advisory committee on
8 at least a quarterly basis on significant policy decisions related to
9 implementation of the purchasing consortium.

10 (6) This section does not apply to state purchased health care
11 services that are purchased from or through health carriers as defined
12 in RCW 48.43.005, or group model health maintenance organizations that
13 are accredited by the national committee for quality assurance.

14 (7) The state health care authority is authorized to adopt rules
15 implementing this act.

16 (8) State purchased health care programs are exempt from the
17 requirements of this section if they can demonstrate to the
18 administrator that, as a result of the availability of federal programs
19 or other purchasing arrangements, their other purchasing mechanisms
20 will result in greater discounts and aggregate cost savings than would
21 be realized through participation in the consortium.

22 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.14 RCW
23 to read as follows:

24 The prescription drug consortium account is created in the custody
25 of the state treasurer. All receipts from activities related to
26 administration of the state drug purchasing consortium on behalf of
27 participating individuals and organizations, other than state purchased
28 health care programs, shall be deposited into the account. The
29 receipts include but are not limited to rebates from manufacturers, and
30 the fees established under section 1(2) of this act. Expenditures from
31 the account may be used only for the purposes of section 1 of this act.
32 Only the administrator of the state health care authority or the
33 administrator's designee may authorize expenditures from the account.
34 The account is subject to allotment procedures under chapter 43.88 RCW,
35 but an appropriation is not required for expenditures.

1 NEW SECTION. **Sec. 3.** By December 1, 2008, the joint legislative
2 audit and review committee shall conduct a performance audit on the
3 operation of the consortium created in section 1 of this act. The
4 audit shall review the operations and outcomes associated with the
5 implementation of this consortium and identify the net savings, if any,
6 to the members of the consortium, the percentage of targeted
7 populations participating, and changes in the health outcomes of
8 participants.

9 NEW SECTION. **Sec. 4.** If any provision of this act or its
10 application to any person or circumstance is held invalid, the
11 remainder of the act or the application of the provision to other
12 persons or circumstances is not affected.

13 NEW SECTION. **Sec. 5.** If any part of this act is found to be in
14 conflict with federal requirements that are a prescribed condition to
15 the allocation of federal funds to the state, the conflicting part of
16 this act is inoperative solely to the extent of the conflict and with
17 respect to the agencies directly affected, and this finding does not
18 affect the operation of the remainder of this act in its application to
19 the agencies concerned. Rules adopted under this act must meet federal
20 requirements that are a necessary condition to the receipt of federal
21 funds by the state.

Passed by the Senate March 10, 2005.

Passed by the House April 6, 2005.

Approved by the Governor April 21, 2005.

Filed in Office of Secretary of State April 21, 2005.