

# FINAL BILL REPORT

## ESSB 5203

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Synopsis as Enacted

**Brief Description:** Producing, distributing, and purchasing generic prescription drugs and distribution or purchase of insulin.

**Sponsors:** Senate Committee on Health & Long Term Care (originally sponsored by Senators Van De Wege, Carlyle, Frockt, Hasegawa, Keiser, Lias, Nguyen, Randall, Robinson, Salomon, Stanford and Wilson, C.).

**Senate Committee on Health & Long Term Care**

**Senate Committee on Ways & Means**

**House Committee on Health Care & Wellness**

**House Committee on Appropriations**

**Background:** Prescription Drug Purchasing Consortium. In 2005, the Legislature directed the Health Care Authority (HCA) to establish a prescription drug purchasing consortium. In addition to state agencies, the consortium may include, on a voluntary basis, local government, private entities, labor organizations, and individuals without insurance, or who are underinsured for prescription drug coverage. State purchased health care services purchased through health carriers and health maintenance organizations are exempt from participating in the consortium. In 2006, Washington and Oregon formed the Northwest Prescription Drug Consortium to expand their purchasing power. The Northwest Consortium offers access to retail pharmacy discounts, pharmacy benefit management services, rebate management services, and a prescription discount card for uninsured residents.

**Summary:** HCA may enter into partnerships with another state, a group of states, a state agency, a nonprofit organization, or any other entity to produce, distribute, or purchase generic prescription drugs and purchase and distribute insulin. HCA must comply with state procurement laws related to competitive procurement when purchasing or entering into purchasing agreements with nongovernmental entities. The generic prescription drugs and insulin must be produced or distributed by a drug company or generic drug manufacturer registered with the United States Food and Drug Administration. The HCA shall only enter

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into partnerships to produce, distribute, or purchase a generic prescription drug or purchase and distribute insulin at a price that results in savings to public and private purchasers and consumers.

State purchased health care programs must purchase the generic prescription drugs and insulin through the partnership, unless the state purchased health care program can obtain the generic prescription drug or insulin at a cost savings through another purchasing mechanism. Local governments, private entities, health carriers, and others may choose to voluntarily purchase the generic prescription drugs and insulin from the HCA as available quantities allow.

A "generic drug" means a drug that is approved by the FDA pursuant to an application referencing an eligible prescription drug that is submitted under Section 505(j) of the federal Food, Drug, and Cosmetic Act or as a biosimilar or interchangeable under Section 351(k) of the federal Public Health Service Act. "Purchase" is defined as the acquisition of generic drugs and insulin, which is to be interpreted broadly and includes entering into contracts with manufacturers on behalf of those dispensing drugs and other innovative purchasing strategies to help increase access to the best price available for insulin and generic prescription drugs. "State purchased health care" means medical and health care, pharmaceuticals, and medical equipment purchased with state and federal funds by the Department of Social and Health Services, Department of Health, HCA, Department of Labor and Industries, Department of Corrections, and Department of Veterans Affairs, and does not include prescription drugs purchased for Medicaid programs.

**Votes on Final Passage:**

Senate	28	21	
House	66	31	(House amended)
Senate	28	21	(Senate concurred)

**Effective:** July 25, 2021