

# HOUSE BILL REPORT

## SB 5684

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*As Passed House*

*April 19, 1991*

**Title:** An act relating to licensing nonresident pharmacies.

**Brief Description:** Requiring certain nonresident pharmacies to be licensed.

**Sponsor(s):** Senators West, Niemi and Johnson; by request of Department of Health.

**Brief History:**

Reported by House Committee on:  
Health Care, April 4, 1991, DPA;  
Passed House, April 19, 1991, 97-0.

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**HOUSE COMMITTEE ON  
HEALTH CARE**

**Majority Report:** *Do pass as amended.* Signed by 11 members: Representatives Braddock, Chair; Day, Vice Chair; Moyer, Ranking Minority Member; Casada, Assistant Ranking Minority Member; Cantwell; Edmondson; Franklin; Morris; Paris; Prentice; and Sprenkle.

**Staff:** John Welsh (786-7133).

**Background:** Currently, pharmacies in other states that ship, mail or deliver prescription (legend) drugs or drug devices to Washington residents are not regulated by the state.

**Summary of Bill:** Pharmacies located outside Washington State which ship, mail or deliver, in any manner, controlled substances, legend drugs or devices into the state are considered "nonresident pharmacies," and are required to be licensed by the Department of Health. However, pharmacies that deliver drugs in person to insured participants are expressly exempted from licensure. The board may also exempt nonresident pharmacies that restrict their drug dispensing in Washington to isolated transactions.

Nonresident pharmacies are required to disclose specified information to the Department of Health, including information about corporate ownership, identity of pharmacy employees, proof of compliance with directives and requests

from home-state and Washington licensing authorities, inspection reports by the home-state regulatory agency, and proof that record-keeping of regulated drugs is separate from that of other drugs.

Nonresident pharmacies are required to maintain a valid home-state license, provide a toll-free telephone service for patients, and comply with existing regulations on maintenance of patient record systems, provision of information to patients, and limitations on quantities of drugs to be dispensed.

Nonresident pharmacies are required to maintain a resident agent for service of process. Operation without a license is prohibited. Annual license renewal provisions are provided. The nonresident pharmacy is required either to provide information to the secretary regarding controlled substances shipped into the state or to submit to an on-site inspection if the information cannot be provided.

Disciplinary action and penalties for violation of the act are provided. Advertising by unlicensed nonresident pharmacies is prohibited. Insurers, health service contractors and Health Maintenance Organizations (HMOs) are prohibited from covering or prescribing drugs purchased from unlicensed nonresident pharmacies. Insurers are required to keep proof of licensure of nonresident pharmacies and make it available to the department on request. Certain information obtained by the department from health care insurers, HMOs or contractors is exempted from public disclosure.

***Fiscal Note:*** Available.

***Effective Date:*** The bill takes effect October 1, 1991.

***Testimony For:*** In the interests of public safety, it is important for the board to know the source of the prescription drugs flowing into this state. Licensure of nonresident pharmacies will bring the same accountability into the practice of drug dispensing as exists for resident pharmacies. The substitute bill, as amended, represents a compromise measure agreeable to the parties concerned.

***Testimony Against:*** None.

***Witnesses:*** Joan Gaumer, MEDCO (pro); Don Williams, State Pharmacy Board (pro); Lars Hennem, Pharmacists of Washington (pro); and Bruce Bishop, Kaiser Permanente (pro).