
SENATE BILL 6268

State of Washington 57th Legislature

2002 Regular Session

By Senators Thibaudeau and Kohl-Welles

Read first time 01/14/2002. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to the Washington pharmacy access program; amending
2 RCW 41.05.021, 41.05.026, and 70.14.050; adding new sections to chapter
3 74.09 RCW; creating new sections; and making appropriations.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that access to
6 prescription drugs is vital to the health of many Washington residents.
7 However, increased cost and utilization of such drugs is straining the
8 resources of many individuals, and public and private entities. The
9 legislature therefore creates this pharmacy access program with the
10 intention of implementing strategies to reduce the cost of prescription
11 drugs to the state and assuring state residents of continued access to
12 necessary, appropriate, and affordable medications.

13 NEW SECTION. **Sec. 2.** (1) The department shall award prescription
14 drug information and education grants to local government or nonprofit
15 organizations for the design and implementation of programs intended to
16 inform and train persons age sixty-five and older in the safe and
17 appropriate use of prescription and nonprescription medications.

1 (2) The grants shall be awarded on a competitive basis, using the
2 following criteria:

3 (a) The demonstrated ability of the applicant organization to
4 effectively administer such a program, including appropriate outreach
5 and follow-up;

6 (b) The financial and in-kind resources that the applicant
7 organization will bring to the program in addition to those funded by
8 the grant;

9 (c) The extent to which the proposed program design reflects a
10 comprehensive understanding of issues related to the safe and
11 appropriate use of prescription drugs by seniors, and how to
12 effectively communicate with the target audience;

13 (d) The extent to which the proposed program reflects a
14 collaborative effort between the applicant organization and other
15 health care providers and programs in the location to be served,
16 including doctors, pharmacists, and long-term care providers;

17 (e) The extent to which the proposed program will serve as a model
18 that can be replicated by other organizations around the state; and

19 (f) Any other criteria deemed appropriate by the department to
20 ensure the quality and cost-effectiveness of the programs funded.

21 In awarding the grants, the department shall make every effort to
22 ensure that the programs are geographically dispersed around the state.
23 No single program shall be awarded more than twenty-five thousand
24 dollars annually.

25 NEW SECTION. **Sec. 3.** The Washington medications outreach
26 initiative is created within the department. The initiative shall:

27 (1) Identify and assist eligible persons age sixty-five and older
28 in enrolling in the state medical assistance program under this
29 chapter; and

30 (2) Assist persons in procuring free or low-cost medications from
31 the drug assistance programs of pharmaceutical manufacturers by:

32 (a) Evaluating the likelihood of success of a person obtaining free
33 or low-cost medications from a participating manufacturer under the
34 guidelines formulated;

35 (b) Assisting persons with the preparation of an application for
36 medications to a participating manufacturer;

37 (c) Coordinating and assisting physicians and others authorized to
38 prescribe medications with communications, including applications, made

1 on behalf of a person to a participating manufacturer for the purpose
2 of obtaining approval of the person in any voluntary drug assistance
3 program; and

4 (d) Working with participating manufacturers to simplify the system
5 whereby eligible persons access voluntary drug assistance programs.

6 NEW SECTION. **Sec. 4.** The department may implement any senior
7 prescription drug assistance program authorized and funded by the
8 federal government in accordance with the standards established under
9 that authorization.

10 NEW SECTION. **Sec. 5.** The department shall submit and, upon
11 approval, implement a section 1115 demonstration waiver request to the
12 federal health care financing administration to establish a
13 prescription drug assistance program. The program must create an
14 expanded coverage group composed of any medicare-covered individual
15 with no medicare supplement policy or retiree health benefit plan that
16 covers drugs, and other individuals with household incomes up to three
17 hundred percent of the federal poverty level, as adjusted annually by
18 the federal department of health and human services, who do not have
19 insurance coverage or other health benefits for prescription drugs.
20 Individuals in this expanded coverage group will receive a financial
21 subsidy for prescription drugs equal to the average rebate paid to the
22 medicaid program under Title XIX of the federal social security act by
23 pharmaceutical manufacturers.

24 **Sec. 6.** RCW 41.05.021 and 1999 c 372 s 4 are each amended to read
25 as follows:

26 (1) The Washington state health care authority is created within
27 the executive branch. The authority shall have an administrator
28 appointed by the governor, with the consent of the senate. The
29 administrator shall serve at the pleasure of the governor. The
30 administrator may employ up to seven staff members, who shall be exempt
31 from chapter 41.06 RCW, and any additional staff members as are
32 necessary to administer this chapter. The administrator may delegate
33 any power or duty vested in him or her by this chapter, including
34 authority to make final decisions and enter final orders in hearings
35 conducted under chapter 34.05 RCW. The primary duties of the authority
36 shall be to: Administer state employees' insurance benefits and

1 retired or disabled school employees' insurance benefits; administer
2 the basic health plan pursuant to chapter 70.47 RCW; study state-
3 purchased health care programs in order to maximize cost containment in
4 these programs while ensuring access to quality health care; and
5 implement state initiatives, joint purchasing strategies, and
6 techniques for efficient administration that have potential application
7 to all state-purchased health services. The authority's duties
8 include, but are not limited to, the following:

9 (a) To administer health care benefit programs for employees and
10 retired or disabled school employees as specifically authorized in RCW
11 41.05.065 and in accordance with the methods described in RCW
12 41.05.075, 41.05.140, and other provisions of this chapter;

13 (b) To analyze state-purchased health care programs and to explore
14 options for cost containment and delivery alternatives for those
15 programs that are consistent with the purposes of those programs,
16 including, but not limited to:

17 (i) Creation of economic incentives for the persons for whom the
18 state purchases health care to appropriately utilize and purchase
19 health care services, including the development of flexible benefit
20 plans to offset increases in individual financial responsibility;

21 (ii) Utilization of provider arrangements that encourage cost
22 containment, including but not limited to prepaid delivery systems,
23 utilization review, and prospective payment methods, and that ensure
24 access to quality care, including assuring reasonable access to local
25 providers, especially for employees residing in rural areas;

26 (iii) Coordination of state agency efforts to purchase drugs
27 effectively, including the development of a drug formulary as provided
28 in RCW 70.14.050, the development of consolidated prescription drug
29 purchasing strategies, and more effective use of pharmacy-based
30 services in the delivery of any prescription drug benefit;

31 (iv) Development of recommendations and methods for purchasing
32 medical equipment and supporting services on a volume discount basis;
33 and

34 (v) Development of data systems to obtain utilization data from
35 state-purchased health care programs in order to identify cost centers,
36 utilization patterns, provider and hospital practice patterns, and
37 procedure costs, utilizing the information obtained pursuant to RCW
38 41.05.031;

39 (c) To analyze areas of public and private health care interaction;

1 (d) To provide information and technical and administrative
2 assistance to the board;

3 (e) To review and approve or deny applications from counties,
4 municipalities, and other political subdivisions of the state to
5 provide state-sponsored insurance or self-insurance programs to their
6 employees in accordance with the provisions of RCW 41.04.205, setting
7 the premium contribution for approved groups as outlined in RCW
8 41.05.050;

9 (f) To appoint a health care policy technical advisory committee as
10 required by RCW 41.05.150;

11 (g) To establish billing procedures and collect funds from school
12 districts and educational service districts under RCW 28A.400.400 in a
13 way that minimizes the administrative burden on districts; and

14 (h) To promulgate and adopt rules consistent with this chapter as
15 described in RCW 41.05.160.

16 (2) On and after January 1, 1996, the public employees' benefits
17 board may implement strategies to promote managed competition among
18 employee health benefit plans. Strategies may include but are not
19 limited to:

20 (a) Standardizing the benefit package;

21 (b) Soliciting competitive bids for the benefit package;

22 (c) Limiting the state's contribution to a percent of the lowest
23 priced qualified plan within a geographical area;

24 (d) Monitoring the impact of the approach under this subsection
25 with regards to: Efficiencies in health service delivery, cost shifts
26 to subscribers, access to and choice of managed care plans state-wide,
27 and quality of health services. The health care authority shall also
28 advise on the value of administering a benchmark employer-managed plan
29 to promote competition among managed care plans.

30 **Sec. 7.** RCW 41.05.026 and 1991 c 79 s 1 are each amended to read
31 as follows:

32 (1) When soliciting proposals for the purpose of awarding contracts
33 for goods or services, the administrator shall, upon written request by
34 the bidder, exempt from public inspection and copying such proprietary
35 data, trade secrets, or other information contained in the bidder's
36 proposal that relate to the bidder's unique methods of conducting
37 business or of determining prices or premium rates to be charged for
38 services under terms of the proposal.

1 (2) Actuarial formulas, statistics, cost and utilization data, or
2 other proprietary information submitted upon request of the
3 administrator or board by a contracting insurer, health care service
4 contractor, health maintenance organization, or vendor may be withheld
5 at any time from public inspection when necessary to preserve trade
6 secrets or prevent unfair competition.

7 (3) Proprietary information submitted upon request of the
8 administrator by any insurer, vendor, or other person or entity for the
9 purpose of analyzing and developing cost containment options, delivery
10 alternatives, and consolidated purchasing for state-purchased health
11 care programs may be withheld at any time from public inspection when
12 necessary to preserve trade secrets or prevent unfair competition.

13 (4) The board may hold an executive session during any regular or
14 special meeting to discuss information submitted in accordance with
15 subsection (1) or (2) of this section.

16 **Sec. 8.** RCW 70.14.050 and 1986 c 303 s 10 are each amended to read
17 as follows:

18 (1) Each agency listed in ((RCW 70.14.010)) subsection (5) of this
19 section shall individually or in cooperation with other agencies take
20 any necessary actions to control costs without reducing the quality of
21 care when reimbursing for or purchasing drugs. To accomplish this
22 purpose, each agency shall investigate the feasibility of and may
23 establish a drug formulary designating which drugs may be paid for
24 through their health care programs. For purposes of this section, a
25 drug formulary means a list of drugs, either inclusive or exclusive,
26 that defines which drugs are eligible for reimbursement by the agency.

27 (2) In developing the drug formulary authorized by this section,
28 agencies:

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

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

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

36 (d) May limit the prices paid for drugs by such means as central
37 purchasing, volume contracting, or setting maximum prices to be paid;

1 (e) Shall consider the approval of drugs with lower abuse potential
2 in substitution for drugs with significant abuse potential; and

3 (f) May take other necessary measures to control costs of drugs
4 without reducing the quality of care.

5 (3) Agencies may provide for reasonable exceptions to the drug
6 formulary required by this section.

7 (4) Agencies may establish medical advisory committees, or utilize
8 committees already established, to assist in the development of the
9 drug formulary required by this section.

10 (5) This section applies to the department of social and health
11 services, the health care authority, the department of health, the
12 department of labor and industries, the department of veterans affairs,
13 and the department of corrections.

14 NEW SECTION. Sec. 9. No later than January 1, 2003, the
15 administrator of the health care authority shall submit to the governor
16 and the legislature a progress report regarding the implementation of
17 efforts to coordinate state agency drug purchasing pursuant to RCW
18 41.05.021(1)(b)(iii), including an explanation of and rationale for the
19 strategies developed, and the timeline for implementation.

20 NEW SECTION. Sec. 10. (1) The sum of one hundred twenty-five
21 thousand dollars, or as much thereof as may be necessary, is
22 appropriated for the fiscal year ending June 30, 2002, from the general
23 fund to the department of social and health services, all of which the
24 department of social and health services must award to local
25 governments and nonprofit organizations under section 2 of this act.

26 (2) The sum of one hundred twenty-five thousand dollars, or as much
27 thereof as may be necessary, is appropriated for the fiscal year ending
28 June 30, 2003, from the general fund to the department of social and
29 health services, all of which the department of social and health
30 services must award to local governments and nonprofit organizations
31 under section 2 of this act.

32 NEW SECTION. Sec. 11. Sections 2 through 5 of this act are each
33 added to chapter 74.09 RCW.

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