

ESSB 5904 - H COMM AMD  
By Committee on Appropriations

ADOPTED 04/24/2003

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that prescription  
4 drugs are an effective and important part of efforts to maintain and  
5 improve the health of Washington state residents. However, their  
6 increased cost and utilization is straining the resources of many  
7 people, particularly low-income elderly people who lack insurance  
8 coverage for such drugs. Furthermore, inappropriate use of  
9 prescription drugs can result in unnecessary expenditures and lead to  
10 serious health consequences. It is therefore the intent of the  
11 legislature to establish an evidence-based preferred drug list, develop  
12 programs to provide prescription drugs at an affordable price to those  
13 in need, and increase public awareness regarding their safe and cost-  
14 effective use.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 74.09 RCW  
16 to read as follows:

17 (1) To the extent funds are appropriated specifically for this  
18 purpose, and subject to any conditions placed on appropriations made  
19 for this purpose, the department shall design the medicaid prescription  
20 drug assistance program. Neither the benefits of, nor eligibility for,  
21 the program is considered to be an entitlement.

22 (2) The department is directed to obtain necessary federal waivers  
23 to implement this program. Consistent with federal waiver conditions,  
24 the department is authorized to charge enrollment fees, premiums, or  
25 point-of-service cost-sharing to enrollees of the program.

26 (3) Eligibility for this program is limited to persons:

27 (a) Who are eligible for medicare or age sixty-five and older;

28 (b) Whose family income does not exceed two hundred percent of the

1 federal poverty level as adjusted for family size and determined  
2 annually by the federal department of health and human services;

3 (c) Who do not otherwise have insurance that provides prescription  
4 drug coverage; and

5 (d) Who are not otherwise eligible under Title XIX of the federal  
6 social security act.

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

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

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

25 (7) This program will be terminated within twelve months after  
26 implementation of a prescription drug benefit under Title XVIII of the  
27 federal social security act.

28 (8) The department shall provide recommendations to the appropriate  
29 committees of the senate and house of representatives by November 15,  
30 2003, on financing options available to support the medicaid  
31 prescription drug assistance program. In recommending financing  
32 options, the department shall explore every opportunity to maximize  
33 federal funding to support the program.

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

36 (1) The health care authority shall establish a prescription drug

1 purchasing consortium and shall coordinate the participation of state  
2 agencies and private individuals in the consortium. The authority  
3 shall establish a preferred drug list for use as provided in this  
4 chapter through an evidence-based process that evaluates the efficacy  
5 of prescription drugs, considering safety, efficacy, likelihood of  
6 compliance, outcomes, and any unique impacts on specific populations  
7 based upon factors such as sex, age, ethnicity, race, or disability.  
8 The preferred drug list shall be used for entities and private  
9 individuals participating in the consortium. In administering  
10 prescription drug benefits under state purchased health care programs,  
11 agencies shall honor an endorsing prescriber's direction to dispense a  
12 prescription drug as written on the prescription order.

13 (2) State purchased health care programs shall purchase  
14 prescription drugs through the consortium for those prescription drugs  
15 that are purchased directly by the state and those that are purchased  
16 through reimbursement of retail pharmacies. The administrator shall  
17 not require that any supplemental rebate offered by a pharmaceutical  
18 manufacturer for prescription drugs purchased for medical assistance  
19 program clients under chapter 74.09 RCW be extended to state purchased  
20 health care programs other than medical assistance, or to private  
21 individuals participating in the consortium. The administrator shall  
22 explore joint purchasing opportunities with other states to achieve  
23 quality cost-effective prescription drug coverage for those  
24 participating in the consortium.

25 (3) Participation in the purchasing consortium and other related  
26 activities is purely voluntary for individuals who lack insurance or  
27 are underinsured for prescription drug coverage. Unaffiliated  
28 individuals who participate in the consortium shall receive reduced  
29 costs comparable to those negotiated by the consortium for its  
30 preferred prescription drugs. The administrator may set reasonable  
31 fees, including enrollment fees for participating individuals, to cover  
32 administrative costs attributable to participation in prescription drug  
33 consortium activities. A private individual may limit their  
34 participation to one or more of the consortium's program components.

35 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.05 RCW  
36 to read as follows:

1           The consolidated prescription drug purchasing account is created in  
2 the custody of the state treasurer. All receipts under section 3(3) of  
3 this act from the fees from the price discount program created in  
4 section 3 of this act must be deposited into the account. Expenditures  
5 from the account may be used only for the purposes of section 3 of this  
6 act. Only the administrator or the administrator's designee may  
7 authorize expenditures from the account. The account is subject to  
8 allotment procedures under chapter 43.88 RCW, but an appropriation is  
9 not required for expenditures.

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

12           (1) The administrator shall establish and advertise a pharmacy  
13 connection program through which health care providers and members of  
14 the public can obtain information about manufacturer-sponsored  
15 prescription drug assistance programs. The administrator shall ensure  
16 that the program has staff available who can assist persons in  
17 procuring free or discounted medications from manufacturer-sponsored  
18 prescription drug assistance programs by:

19           (a) Determining whether an assistance program is offered for the  
20 needed drug or drugs;

21           (b) Evaluating the likelihood of a person obtaining drugs from an  
22 assistance program under the guidelines formulated;

23           (c) Assisting persons with the application and enrollment in an  
24 assistance program;

25           (d) Coordinating and assisting physicians and others authorized to  
26 prescribe medications with communications, including applications, made  
27 on behalf of a person to a participating manufacturer to obtain  
28 approval of the person in an assistance program; and

29           (e) Working with participating manufacturers to simplify the system  
30 whereby eligible persons access drug assistance programs, including  
31 development of a single application form and uniform enrollment  
32 process.

33           (2) Notice regarding the pharmacy connection program shall  
34 initially target senior citizens, but the program shall be available to  
35 anyone, and shall include a toll-free telephone number, available  
36 during regular business hours, that may be used to obtain information.

1 (3) The administrator may apply for and accept grants or gifts and  
2 may enter into interagency agreements or contracts with other state  
3 agencies or private organizations to assist with the implementation of  
4 this program including, but not limited to, contracts, gifts, or grants  
5 from pharmaceutical manufacturers to assist with the direct costs of  
6 the program.

7 (4) The administrator shall notify pharmaceutical companies doing  
8 business in Washington of the pharmacy connection program. Any  
9 pharmaceutical company that does business in this state and that offers  
10 a pharmaceutical assistance program shall notify the administrator of  
11 the existence of the program, the drugs covered by the program, and all  
12 information necessary to apply for assistance under the program.

13 (5) For purposes of this section, "manufacturer-sponsored  
14 prescription drug assistance program" means a program offered by a  
15 pharmaceutical company through which the company provides a drug or  
16 drugs to eligible persons at no charge or at a reduced cost. The term  
17 does not include the provision of a drug as part of a clinical trial.

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

20 The authority may adopt rules to implement this act.

21 NEW SECTION. **Sec. 7.** By January 1, 2005, the administrator of the  
22 health care authority and the secretary of the department of social and  
23 health services shall submit to the governor and the legislature a  
24 progress report regarding the implementation of the programs created in  
25 this act."

EFFECT: Directs the department of social and health services to  
seek a federal pharmacy plus waiver and report to the Legislature on  
financing options. Establishes a consortium to purchase prescription  
drugs at negotiated rates and allows individuals and private  
organizations to participate.

--- END ---