

1 **ESSB 5904** - H AMD TO H APP AMD (H-2731.3) **502 FAILED 4/24/03**
2 By Representative Pflug

3 On page 1, after line 2 of the amendment, strike all material
4 through "act." on page 5, line 25, and insert the following:

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

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

18 (1) The Washington institute for public policy shall report to
19 the appropriate committees of the legislature by November 15, 2003,
20 on the projected five-year costs, benefits, enrollment levels, and
21 implications for other state-funded medicaid services of a medicaid
22 waiver program that would provide prescription drug benefits to
23 persons aged sixty-five and older who would not otherwise be
24 eligible for medicaid. The department shall actively cooperate and
25 assist the institute in preparation of this report.

26 (2) The report shall assess at least three alternative benefit
27 designs, involving differing enrollee premium levels, point-of-
28 service cost-sharing arrangements, and deductible levels.

29 (3) For each alternative benefit design, the institute shall
30 provide five-year estimates of the number of state residents who
31 would be eligible for the program, the number who would seek

1 coverage, and the projected cost of covering all applicants if
2 eligibility for the program were limited to legal residents aged
3 sixty-five and older with incomes at or below: (a) One hundred
4 fifty percent of the federal poverty level; and (b) two hundred
5 percent of the federal poverty level as adjusted for family size
6 and determined annually by the federal department of health and
7 human services.

8 (4) For each alternative benefit design and income eligibility
9 level, the institute shall estimate the type and amount of medicaid
10 expenditures on behalf of senior citizens that would need to be
11 avoided as a result of the medicaid waiver program in order to meet
12 federal budget neutrality requirements; the likelihood of avoiding
13 such expenditures; and an assessment of the impacts upon the state
14 budget and upon enrollment in the medicaid waiver program if the
15 cost avoidance needed to meet federal budget neutrality
16 requirements is not achieved.

17 (5) The report shall include suggestions about how the medicaid
18 waiver drug benefit should be designed to promote coordination
19 with, and avoid duplication of, drug benefits that may be made
20 available under the federal medicare program.

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

23 (1) The health care authority shall implement a program whereby
24 it negotiates with prescription drug manufacturers for price
25 discounts, comparable to those preferred prices it negotiates for
26 its own purchases, to be available to any Washington resident:

27 (a) Whose family income does not exceed two hundred fifty
28 percent of the federal poverty level as adjusted for family size
29 and determined annually by the federal department of health and
30 human services;

31 (b) Who does not otherwise have insurance that provides
32 prescription drug coverage; and

33 (c) Who is: (i) At least fifty years old; or (ii) between the
34 ages of nineteen and forty-nine and is otherwise eligible for
35 benefits under Title II of the social security act, federal old
36 age, survivors, and disability insurance benefits.

1 (2) The administrator shall charge participants in this program
2 an annual enrollment fee sufficient to offset the cost of program
3 administration.

4 (3) The price discounts available pursuant to this section
5 shall not be at the expense of retail pharmacies.

6 (4) Within one hundred twenty days following the establishment
7 of a pharmacy and therapeutics committee by the administrator for
8 the purpose of evaluating the efficacy of prescription drugs, the
9 drug utilization and education council within the department of
10 social and health services shall be disbanded and its functions
11 transferred to the pharmacy and therapeutics committee.

12 (5) In administering prescription drug benefits under state
13 purchased health care programs, agencies shall honor an endorsing
14 prescriber's direction to dispense a prescription drug as written
15 on the prescription order.

16 (6) The preferred drug list shall exclude drugs used to treat
17 mental illness, cancer, the acquired human immunodeficiency virus,
18 and diabetes.

19 (7) The administrator shall not impose requirements for prior
20 approval based on a preferred drug list for a biologic product as
21 defined in section 351 of the Public Health Services Act; 42 U.S.C.
22 262.

23 (8) This program will be terminated within twelve months after
24 implementation of a prescription drug benefit under Title XVIII of
25 the social security act, or by June 30, 2009.

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

28 The consolidated prescription drug purchasing account is
29 created in the custody of the state treasurer. All receipts under
30 section 3(2) of this act from the fees from the price discount
31 program created in section 3 of this act must be deposited into the
32 account. Expenditures from the account may be used only for the
33 purposes of section 3 of this act. Only the administrator or the
34 administrator's designee may authorize expenditures from the
35 account. The account is subject to allotment procedures under
36 chapter 43.88 RCW, but an appropriation is not required for
37 expenditures.

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

3 (1) The administrator shall establish and advertise a pharmacy
4 connection program through which health care providers and members
5 of the public can obtain information about manufacturer-sponsored
6 prescription drug assistance programs. The administrator shall
7 ensure that the program has staff available who can assist persons
8 in procuring free or discounted medications from manufacturer-
9 sponsored prescription drug assistance programs by:

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

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

14 (c) Assisting persons with the application and enrollment in an
15 assistance program;

16 (d) Coordinating and assisting physicians and others authorized
17 to prescribe medications with communications, including
18 applications, made on behalf of a person to a participating
19 manufacturer to obtain approval of the person in an assistance
20 program; and

21 (e) Working with participating manufacturers to simplify the
22 system whereby eligible persons access drug assistance programs,
23 including development of a single application form and uniform
24 enrollment process.

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

30 (3) The administrator may apply for and accept grants or gifts
31 and may enter into interagency agreements or contracts with other
32 state agencies or private organizations to assist with the
33 implementation of this program including, but not limited to,
34 contracts, gifts, or grants from pharmaceutical manufacturers to
35 assist with the direct costs of the program.

36 (4) The administrator shall notify pharmaceutical companies
37 doing business in Washington of the pharmacy connection program.
38 Any pharmaceutical company that does business in this state and
39 that offers a pharmaceutical assistance program shall notify the

1 administrator of the existence of the program, the drugs covered by
2 the program, and all information necessary to apply for assistance
3 under the program.

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

10 NEW SECTION. Sec. 6. A new section is added to chapter 74.09
11 RCW to read as follows:

12 Each of the state's area agencies on aging shall implement a
13 program intended to inform and train persons sixty-five years and
14 older in the safe and appropriate use of prescription and
15 nonprescription medications. To further this purpose, the
16 department shall award a development grant of up to twenty-five
17 thousand dollars to each of the agencies upon a showing that:

18 (1) The agency has the ability to effectively administer such
19 a program, including an understanding of the relevant issues and
20 appropriate outreach and follow-up;

21 (2) The agency can bring resources to the program in addition
22 to those funded by the grant; and

23 (3) The program will be a collaborative effort between the
24 agency and other health care providers and programs in the location
25 to be served, including doctors, pharmacists, and long-term care
26 providers.

27 NEW SECTION. Sec. 7. A new section is added to chapter 41.05
28 RCW to read as follows:

29 The authority may adopt rules to implement this act.

30 NEW SECTION. Sec. 8. By January 1, 2005, the administrator of
31 the health care authority and the director of the department of
32 social and health services shall submit to the governor and the
33 legislature a progress report regarding the implementation of the
34 programs created in this act.

EFFECT: Replaces the Appropriations Committee striking amendment with the language of ESSB 5904 as passed the Senate; with the addition of language authorizing dispense as written, eliminating the Drug Utilization and Education Council, exempting four diseases from the preferred drug list, and prohibiting prior authorization on biologic products.