

SSB 5904 - S AMD 211
By Senator Franklin

NOT ADOPTED 03/17/2003

1 On page 1, after line 15, insert the following:
2 "The legislature further finds that prescription drugs play an
3 increasingly significant role in maintaining and improving the health
4 of Washington residents. But the cost of these drugs is placing a
5 growing strain on state health care programs. For those people not
6 covered by these programs, or otherwise uninsured, the high costs may
7 limit their access to medications altogether. However, by maximizing
8 its purchasing power and taking better advantage of its position as a
9 major buyer of prescription drugs, the state should reduce the price it
10 pays for such drugs across all state programs, and offer some relief to
11 others in need who lack prescription drug coverage. To further this
12 purpose, the legislature intends to create the aggregate purchasing
13 prescription drug discount program."

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14 On page 5, after line 12, insert the following:
15 "**Sec. 7.** RCW 41.05.011 and 2001 c 165 s 2 are each amended to read
16 as follows:
17 Unless the context clearly requires otherwise, the definitions in
18 this section shall apply throughout this chapter.
19 (1) "Administrator" means the administrator of the authority.
20 (2) "State purchased health care" or "health care" means medical
21 and health care, pharmaceuticals, and medical equipment purchased with
22 state and federal funds by the department of social and health
23 services, the department of health, the basic health plan, the state

1 health care authority, the department of labor and industries, the
2 department of corrections, the department of veterans affairs, and
3 local school districts.

4 (3) "Authority" means the Washington state health care authority.

5 (4) "Insuring entity" means an insurer as defined in chapter 48.01
6 RCW, a health care service contractor as defined in chapter 48.44 RCW,
7 or a health maintenance organization as defined in chapter 48.46 RCW.

8 (5) "Flexible benefit plan" means a benefit plan that allows
9 employees to choose the level of health care coverage provided and the
10 amount of employee contributions from among a range of choices offered
11 by the authority.

12 (6) "Employee" includes all full-time and career seasonal employees
13 of the state, whether or not covered by civil service; elected and
14 appointed officials of the executive branch of government, including
15 full-time members of boards, commissions, or committees; and includes
16 any or all part-time and temporary employees under the terms and
17 conditions established under this chapter by the authority; justices of
18 the supreme court and judges of the court of appeals and the superior
19 courts; and members of the state legislature or of the legislative
20 authority of any county, city, or town who are elected to office after
21 February 20, 1970. "Employee" also includes: (a) Employees of a
22 county, municipality, or other political subdivision of the state if
23 the legislative authority of the county, municipality, or other
24 political subdivision of the state seeks and receives the approval of
25 the authority to provide any of its insurance programs by contract with
26 the authority, as provided in RCW 41.04.205; (b) employees of employee
27 organizations representing state civil service employees, at the option
28 of each such employee organization, and, effective October 1, 1995,
29 employees of employee organizations currently pooled with employees of
30 school districts for the purpose of purchasing insurance benefits, at
31 the option of each such employee organization; and (c) employees of a
32 school district if the authority agrees to provide any of the school
33 districts' insurance programs by contract with the authority as
34 provided in RCW 28A.400.350.

35 (7) "Board" means the public employees' benefits board established
36 under RCW 41.05.055.

37 (8) "Retired or disabled school employee" means:

1 (a) Persons who separated from employment with a school district or
2 educational service district and are receiving a retirement allowance
3 under chapter 41.32 or 41.40 RCW as of September 30, 1993;

4 (b) Persons who separate from employment with a school district or
5 educational service district on or after October 1, 1993, and
6 immediately upon separation receive a retirement allowance under
7 chapter 41.32, 41.35, or 41.40 RCW;

8 (c) Persons who separate from employment with a school district or
9 educational service district due to a total and permanent disability,
10 and are eligible to receive a deferred retirement allowance under
11 chapter 41.32, 41.35, or 41.40 RCW.

12 (9) "Benefits contribution plan" means a premium only contribution
13 plan, a medical flexible spending arrangement, or a cafeteria plan
14 whereby state and public employees may agree to a contribution to
15 benefit costs which will allow the employee to participate in benefits
16 offered pursuant to 26 U.S.C. Sec. 125 or other sections of the
17 internal revenue code.

18 (10) "Salary" means a state employee's monthly salary or wages.

19 (11) "Participant" means an individual who fulfills the eligibility
20 and enrollment requirements under the benefits contribution plan.

21 (12) "Plan year" means the time period established by the
22 authority.

23 (13) "Separated employees" means persons who separate from
24 employment with an employer as defined in:

25 (a) RCW 41.32.010(11) on or after July 1, 1996; or

26 (b) RCW 41.35.010 on or after September 1, 2000; or

27 (c) RCW 41.40.010 on or after March 1, 2002;

28 and who are at least age fifty-five and have at least ten years of
29 service under the teachers' retirement system plan 3 as defined in RCW
30 41.32.010(40), the Washington school employees' retirement system plan
31 3 as defined in RCW 41.35.010, or the public employees' retirement
32 system plan 3 as defined in RCW 41.40.010.

33 (14) "Emergency service personnel killed in the line of duty" means
34 law enforcement officers and fire fighters as defined in RCW 41.26.030,
35 and reserve officers and fire fighters as defined in RCW 41.24.010 who
36 die as a result of injuries sustained in the course of employment as
37 determined consistent with Title 51 RCW by the department of labor and
38 industries.

1 (15) "Prescription drug program" means a program administered by a
2 state agency pursuant to which prescription drugs are purchased or
3 reimbursement for the purchase of prescription drugs is provided, or
4 any state agency making such a purchase or reimbursement.

5 (16) "Wholesaler" means a corporation, individual, or other entity
6 that buys drugs or devices for resale and distributes the drugs or
7 devices to corporations, individuals, or entities other than consumers.

8 (17) "Manufacturer" means anyone who is engaged in manufacturing,
9 preparing, propagating, compounding, processing, packaging,
10 repackaging, or labeling a drug. However, a pharmacist compounding
11 drugs to be dispensed from the pharmacy in which the drugs are
12 compounded pursuant to prescriptions for individual patients is not a
13 manufacturer.

14 (18) "Supplier" means a wholesaler or manufacturer.

15 NEW SECTION. Sec. 8. A new section is added to chapter 41.05 RCW
16 to read as follows:

17 No later than July 1, 2004, the health care authority must
18 implement a program to aggregate the purchase of prescription drugs
19 from suppliers for prescription drug programs in this state, to be
20 known as the "aggregate purchasing prescription drug discount program."
21 The authority may contract with an outside manager to administer this
22 program, which includes the following components:

23 (1) Price discounts on prescription drugs negotiated by the health
24 care authority or manager with prescription drug suppliers on behalf of
25 prescription drug programs in this state.

26 (2) A means to make the negotiated price discounts available to any
27 person who is:

28 (a) A resident of the state of Washington;

29 (b) Ineligible for medicaid prescription benefits;

30 (c) Ineligible for, or not receiving, or both, a prescription drug
31 benefit under a medicare supplemental policy or any other third-party
32 payer prescription benefit; and

33 (d)(i) At least fifty-five years old; or

34 (ii) Between the ages of nineteen and fifty-four who is otherwise
35 eligible for benefits under Title II of the social security act
36 (federal old-age, survivors, and disability insurance benefits)."

1 Renumber the remaining sections consecutively and correct any
2 internal references accordingly.

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3 On page 1, line 2 of the title, after "seniors;" insert "amending
4 RCW 41.05.011;"

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