

SENATE BILL REPORT

SB 5885

As Reported By Senate Committee On:
Health & Long-Term Care, March 4, 2003

Title: An act relating to the distribution of funds to community health clinics.

Brief Description: Concerning the distribution of funds to community health clinics.

Sponsors: Senators Parlette and Deccio.

Brief History:

Committee Activity: Health & Long-Term Care: 2/27/03, 3/4/03 [DPS].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5885 be substituted therefor, and the substitute bill do pass.

Signed by Senators Deccio, Chair; Winsley, Vice Chair; Brandland and Parlette.

Staff: Jonathan Seib (786-7427)

Background: Community health centers are private, nonprofit health care organizations which provide primary and related health services to local communities where access to affordable care is limited. These services are provided on a sliding fee scale based on income, and no one is denied care because of inability to pay.

In Washington, community health centers are primarily funded through Medicaid, but receive additional support from a variety of other sources, including the Community Health Services Program within the state Health Care Authority (HCA). This program has awarded \$6 million in grants to approximately 30 clinic contractors, including community health centers, in each of the past several years. The grants are awarded based on criteria established in rule by the HCA.

Some community health centers also qualify to participate in the federal 340B drug discount program, through which they receive prescription drugs for their patients at a substantial price reduction. Federal law allows these drugs to be dispensed either by an in-house pharmacy located at the health center, or by a retail pharmacy through a contract with the center.

There is concern that such in-house pharmacies are a source of inappropriate competition with the private sector, and are too often established without sufficient efforts by the center to contract with an existing retail pharmacy, which threatens the health care infrastructure and economy of the local community.

Summary of Substitute Bill: The Health Care Authority must distribute funds to a community health clinic that provides its patients with outpatient prescription drugs covered by section 340B of the public health services act only: (1) if the clinic has in effect a contract

for pharmacy services between itself and a local retail pharmacy; or (2) upon proof that there is no retail pharmacy within ten miles of the clinic able and willing to contract with the clinic to provide pharmacy services.

Substitute Bill Compared to Original Bill: The original bill requires that a contract be sought with any local pharmacy; the substitute bill requires this only as to pharmacies within ten miles of the particular clinic.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: None.

Testimony Against: While the bill appears on its face to be straightforward in its application, in reality it would create an administrative and programmatic nightmare. Many details of how the bill would be implemented are left unanswered, which would leave the Health Care Authority and community health centers struggling to make the bill work within the parameters of their current operation. The bill fails to provide additional money to cover any of the additional administrative costs it would impose on the health centers. The disruption that would be caused by the bill is not proportional to the problem it is trying to solve.

Testified: Sharon Case, Greg Brandenberg, Washington Association of Community & Migrant Health Centers.