
SENATE BILL 5406

State of Washington

58th Legislature

2003 Regular Session

By Senators Deccio, Thibaudeau, Kline, Kohl-Welles, Winsley, Eide and McAuliffe; by request of Governor Locke

Read first time 01/24/2003. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to prescription drugs; adding a new section to
2 chapter 74.09 RCW; adding new sections to chapter 41.05 RCW; creating
3 a new section; providing an effective date; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that prescription
6 drugs are an effective and important part of efforts to maintain and
7 improve the health of Washington state residents. Yet prescription
8 drug expenditures in both the public and private sectors are growing at
9 rates far in excess of consumer or medical inflation, placing a strain
10 on the ability of persons who do not have affordable access to adequate
11 prescription drug coverage to obtain prescription drugs. In addition,
12 inappropriate use of prescription drugs can have serious health
13 consequences for Washington state residents.

14 (2) It is the intent of the legislature to develop a program to
15 promote access to affordable prescription drug coverage to low-income
16 persons who do not otherwise have adequate coverage to purchase
17 necessary and appropriate prescription drugs.

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

3 (1) There is established a program to be known as the medicaid
4 senior prescription drug program. Neither the benefits of, nor the
5 eligibility for, the program is considered to be an entitlement. To
6 the extent funds are appropriated specifically for this purpose, and
7 subject to any conditions placed on appropriations made for this
8 purpose, the department shall design and administer the medicaid senior
9 prescription drug program.

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

14 (3) Eligibility for this program is limited to persons: (a) Who
15 are age sixty-five and older; (b) whose family income does not exceed
16 two hundred percent of the federal poverty level as adjusted for family
17 size and determined annually by the federal department of health and
18 human services; (c) who do not otherwise have insurance that provides
19 prescription drug coverage; and (d) who otherwise are eligible under
20 Title XIX and the state's federal prescription drug waiver program.

21 (4) The department is authorized to use a cost-effective
22 prescription drug benefit design. Consistent with federal waiver
23 conditions, this benefit design can be different than the benefit
24 design offered under the medical assistance program. The benefit
25 design may include a deductible benefit that provides coverage when
26 enrollees incur higher prescription drug costs as defined by the
27 department. The department also may offer more than one benefit
28 design.

29 (5) The department is authorized to limit enrollment of persons who
30 qualify for the program so as to prevent an overexpenditure of
31 appropriations for this program or to assure necessary compliance with
32 federal waiver budget neutrality requirements.

33 (6) Implementation of this section is subject to obtaining an
34 approved federal waiver that allows for the collection of premiums from
35 medicaid clients.

36 (7) This program will be terminated within twelve months after
37 implementation of a prescription drug benefit under Title XVIII of the
38 social security act.

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

3 The administrator shall, directly or by interagency agreement or
4 contract, establish and operate a statewide senior prescription drug
5 information clearinghouse. The clearinghouse shall:

6 (1) Promote access to necessary prescription drugs for persons over
7 age sixty-five who reside in Washington state;

8 (2) Make information available on a statewide basis regarding
9 private and public programs that provide financial assistance to
10 seniors for the purchase of prescription drugs;

11 (3) Provide educational information about methods to purchase
12 prescription drugs most cost-effectively and efficiently, including
13 information about generic drugs and the potential for dangerous drug
14 interactions; and

15 (4) Provide individual education and assistance regarding
16 prescription drug financial assistance programs.

17 Prior to July 1, 2005, the administrator shall provide for an
18 evaluation of the effectiveness and potential continuation of the
19 clearinghouse.

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

22 (1) The administrator shall employ prescription drug purchasing
23 methods including the establishment of a broad-based purchasing
24 consortium of state, local, and private entities to achieve quality
25 cost-effective prescription drug coverage for their respective
26 employees, members, or clients. The administrator shall explore joint
27 purchasing opportunities with other states to achieve quality cost-
28 effective prescription drug coverage for those participating in the
29 consortium.

30 (2) Participation by local governments or private entities is
31 purely voluntary. The administrator may charge reasonable
32 administrative fees to those entities who choose to participate in the
33 purchasing consortium.

34 (3) Unaffiliated individuals who lack prescription drug coverage
35 following payment of a reasonable annual enrollment fee shall receive
36 reduced costs comparable to those negotiated by the consortium for its
37 preferred prescription drugs.

1 (4) The administrator shall establish an advisory committee
2 representing the members of the consortium and consumers at large to
3 advise the administrator and the consortium on the development and
4 implementation of a cost-effective purchasing plan. The advisory
5 committee shall file a report to the health care and fiscal committees
6 of the legislature on the progress to date of the consortium by
7 December 15, 2005.

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

10 The consolidated prescription drug purchasing account is created in
11 the custody of the state treasurer. All receipts under section 4(2) of
12 this act from the fees from the preferred drug purchasing consortium
13 created in section 4 of this act must be deposited into the account.
14 Expenditures from the account may be used only for the purposes of
15 section 4 of this act. Only the administrator or the administrator's
16 designee may authorize expenditures from the account. The account is
17 subject to allotment procedures under chapter 43.88 RCW, but an
18 appropriation is not required for expenditures.

19 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
20 preservation of the public peace, health, or safety, or support of the
21 state government and its existing public institutions, and takes effect
22 July 1, 2003.

--- END ---