

SHB 1219 - S COMM AMD

By Committee on Health & Long-Term Care

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

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 70.14 RCW  
4 to read as follows:

5 (1) The administrator of the state health care authority shall,  
6 directly or by contract, adopt policies necessary for establishment of  
7 a prescription drug purchasing consortium. The consortium's purchasing  
8 activities shall be based upon the evidence-based prescription drug  
9 program established under RCW 70.14.050. State purchased health care  
10 programs, as defined in RCW 41.05.011(2), shall purchase prescription  
11 drugs through the consortium for those prescription drugs that are  
12 purchased directly by the state and those that are purchased through  
13 reimbursement of pharmacies, unless exempted under this section. The  
14 administrator shall not require that any supplemental rebate offered by  
15 a pharmaceutical manufacturer for prescription drugs purchased for  
16 medical assistance program clients under chapter 74.09 RCW be extended  
17 to state purchased health care programs other than medical assistance,  
18 or to individuals or entities participating in the consortium. The  
19 administrator shall explore joint purchasing opportunities with other  
20 states.

21 (2) Participation in the purchasing consortium shall be offered as  
22 an option beginning January 1, 2006. Participation in the consortium  
23 is purely voluntary for units of local government, private entities,  
24 labor organizations, and for individuals who lack or are underinsured  
25 for prescription drug coverage. The administrator may set reasonable  
26 fees, including enrollment fees, to cover administrative costs  
27 attributable to participation in the prescription drug consortium.

28 (3) The prescription drug consortium advisory committee is created  
29 within the authority. The function of the prescription drug advisory

1 committee is to advise the administrator of the state health care  
2 authority on the implementation of the prescription drug purchasing  
3 consortium.

4 (4) The prescription drug consortium advisory committee shall be  
5 composed of eleven members selected as provided in this subsection.

6 (a) The administrator shall select one member of the prescription  
7 drug consortium advisory committee from each list of three nominees  
8 submitted by statewide organizations representing the following:

9 (i) One representative of state employees, who represents an  
10 employee union certified as exclusive representative of at least one  
11 bargaining unit of classified employees;

12 (ii) One member who is a licensed physician;

13 (iii) One member who is a licensed pharmacist;

14 (iv) One member who is a licensed advanced registered nurse  
15 practitioner;

16 (v) One member representing a health carrier licensed under Title  
17 48 RCW; and

18 (vi) One member representing unions that represent private sector  
19 employees;

20 (b) The administrator shall select two members of the advisory  
21 committee from a list of nominees submitted by statewide organizations  
22 representing consumers. One of the consumer members shall have  
23 knowledge or experience regarding senior citizen prescription drug cost  
24 and utilization issues;

25 (c) The administrator shall select two members of the advisory  
26 committee from a list of nominees submitted by statewide organizations  
27 representing business, one of whom shall represent small businesses who  
28 employ fifty or fewer employees and one of whom shall represent large  
29 businesses; and

30 (d) The administrator shall select one member who is versed in  
31 biologic medicine through research or academia from the University of  
32 Washington or Washington State University.

33 (5) The administrator shall consult with the advisory committee on  
34 at least a quarterly basis on significant policy decisions related to  
35 implementation of the purchasing consortium.

36 (6) State purchased health care services that are purchased from or  
37 through health carriers as defined in RCW 48.43.005, or group model

1 health maintenance organizations that are accredited by the national  
2 committee for quality assurance are exempt from the requirements of  
3 this section.

4 (7) State purchased health care programs are exempt from the  
5 requirements of this section if they can demonstrate to the  
6 administrator that, as a result of the availability of federal programs  
7 or other purchasing arrangements, their other purchasing mechanisms  
8 will result in greater discounts and aggregate cost savings than would  
9 be realized through participation in the consortium.

10 (8) The state health care authority is authorized to adopt rules  
11 implementing this act.

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.14 RCW  
13 to read as follows:

14 The prescription drug consortium account is created in the custody  
15 of the state treasurer. All receipts from activities related to  
16 administration of the state drug purchasing consortium on behalf of  
17 participating individuals and organizations, other than state purchased  
18 health care programs, shall be deposited into the account. The  
19 receipts include but are not limited to rebates from manufacturers, and  
20 the fees established under section 1(2) of this act. Expenditures from  
21 the account may be used only for the purposes of section 1 of this act.  
22 Only the administrator of the state health care authority or the  
23 administrator's designee may authorize expenditures from the account.  
24 The account is subject to allotment procedures under chapter 43.88 RCW,  
25 but an appropriation is not required for expenditures.

26 NEW SECTION. **Sec. 3.** By December 1, 2008, the joint legislative  
27 audit and review committee shall conduct a performance audit on the  
28 operation of the consortium created in section 1 of this act. The  
29 audit shall review the operations and outcomes associated with the  
30 implementation of this consortium and identify the net savings, if any,  
31 to the members of the consortium, the percentage of targeted  
32 populations participating, and changes in the health outcomes of  
33 participants.

34 NEW SECTION. **Sec. 4.** If any provision of this act or its

1 application to any person or circumstance is held invalid, the  
2 remainder of the act or the application of the provision to other  
3 persons or circumstances is not affected.

4 NEW SECTION. **Sec. 5.** If any part of this act is found to be in  
5 conflict with federal requirements that are a prescribed condition to  
6 the allocation of federal funds to the state, the conflicting part of  
7 this act is inoperative solely to the extent of the conflict and with  
8 respect to the agencies directly affected, and this finding does not  
9 affect the operation of the remainder of this act in its application to  
10 the agencies concerned. Rules adopted under this act must meet federal  
11 requirements that are a necessary condition to the receipt of federal  
12 funds by the state.

13 NEW SECTION. **Sec. 6.** This act expires June 30, 2011."

SHB 1219 - S COMM AMD  
By Committee on Health & Long-Term Care

14 On page 1, line 2 of the title, after "consortium;" strike the  
15 remainder of the title and insert "adding new sections to chapter 70.14  
16 RCW; creating new sections; and providing an expiration date."

--- END ---