
SUBSTITUTE HOUSE BILL 1219

State of Washington

59th Legislature

2005 Regular Session

By House Committee on Health Care (originally sponsored by Representatives Cody, Schual-Berke, Morrell, Kessler, Simpson, Campbell, P. Sullivan, Williams, Chase, Dickerson, Quall, Kenney, O'Brien, Clibborn, Conway, Green, Lantz, Sells, Kagi, Ormsby, Wallace, McIntire, Upthegrove, Hasegawa and Kilmer; by request of Governor Gregoire)

READ FIRST TIME 02/03/05.

1 AN ACT Relating to authorizing a prescription drug purchasing
2 consortium; adding new sections to chapter 70.14 RCW; and creating a
3 new section.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 70.14 RCW
6 to read as follows:

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

1 or to individuals or entities participating in the consortium. The
2 administrator shall explore joint purchasing opportunities with other
3 states.

4 (2) Participation in the purchasing consortium shall be offered as
5 an option beginning January 1, 2006. Participation in the consortium
6 is purely voluntary for units of local government, private entities,
7 labor organizations, and for individuals who lack or are underinsured
8 for prescription drug coverage. The provisions of RCW 69.41.190 shall
9 apply to prescriptions filled for all voluntary participants in the
10 purchasing consortium. The administrator may set reasonable fees,
11 including enrollment fees, to cover administrative costs attributable
12 to participation in the prescription drug consortium.

13 (3) The prescription drug consortium advisory committee is created
14 within the authority. The function of the prescription drug advisory
15 committee is to advise the administrator of the state health care
16 authority on the implementation of the prescription drug purchasing
17 consortium.

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

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

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

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

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

28 (iv) One member who is a licensed advanced registered nurse
29 practitioner;

30 (v) One member representing a health carrier licensed under Title
31 48 RCW; and

32 (vi) One member representing unions that represent private sector
33 employees;

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

1 (c) The administrator shall select two members of the advisory
2 committee from a list of nominees submitted by statewide organizations
3 representing business, one of whom shall represent small businesses who
4 employ fifty or fewer employees and one of whom shall represent large
5 businesses; and

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

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

12 (6) State purchased health care services that are purchased from or
13 through health carriers as defined in RCW 48.43.005, or group model
14 health maintenance organizations that are accredited by the national
15 committee for quality assurance are exempt from the requirements of
16 this section.

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

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

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

27 The prescription drug consortium account is created in the custody
28 of the state treasurer. All receipts from activities related to
29 administration of the consortium on behalf of participants other than
30 state purchased health care programs, including but not limited to
31 rebates from manufacturers and fees established under section 1(2) of
32 this act must be deposited into the account. Expenditures from the
33 account may be used only for the purposes of section 1 of this act.
34 Only the administrator of the state health care authority or the
35 administrator's designee may authorize expenditures from the account.
36 The account is subject to allotment procedures under chapter 43.88 RCW,
37 but an appropriation is not required for expenditures.

1 NEW SECTION. **Sec. 3.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

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

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