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**SUBSTITUTE SENATE BILL 5471**

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**State of Washington**

**59th Legislature**

**2005 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Thibaudeau, Keiser, Fraser, Berkey, Poulsen, Kline, Franklin, Brown, Haugen, McAuliffe, Rockefeller and Kohl-Welles; by request of Governor Gregoire)

READ FIRST TIME 03/08/05.

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

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 shall purchase prescription drugs  
13 through the consortium for those prescription drugs that are purchased  
14 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 any supplemental rebate offered to the  
17 department of social and health services by a pharmaceutical  
18 manufacturer for prescription drugs purchased for medical assistance  
19 program clients under chapter 74.09 RCW be extended to any other state

1 purchased health care program, or to any other individuals or entities  
2 participating in the consortium. The administrator shall explore joint  
3 purchasing opportunities with other 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 administrator may set reasonable  
9 fees, including enrollment fees, to cover administrative costs  
10 attributable to participation in the prescription drug consortium.

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

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

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

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

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

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

26 (iv) One member who is a licensed advanced registered nurse  
27 practitioner;

28 (v) One member representing a health carrier licensed under Title  
29 48 RCW; and

30 (vi) One member representing unions that represent private sector  
31 employees;

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

37 (c) The administrator shall select two members of the advisory  
38 committee from a list of nominees submitted by statewide organizations

1 representing business, one of whom shall represent small businesses who  
2 employ fifty or fewer employees and one of whom shall represent large  
3 businesses; and

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

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

10 (6) This section does not apply to state purchased health care  
11 services that are purchased from or through health carriers as defined  
12 in RCW 48.43.005, or group model health maintenance organizations that  
13 are accredited by the national committee for quality assurance.

14 (7) The state health care authority is authorized to adopt rules  
15 implementing this act.

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

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

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

1        NEW SECTION.    **Sec. 3.** By December 1, 2008, the joint legislative  
2 audit and review committee shall conduct a performance audit on the  
3 operation of the consortium created in section 1 of this act. The  
4 audit shall review the operations and outcomes associated with the  
5 implementation of this consortium and identify the net savings, if any,  
6 to the members of the consortium, the percentage of targeted  
7 populations participating, and changes in the health outcomes of  
8 participants.

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

13        NEW SECTION.    **Sec. 5.** If any part of this act is found to be in  
14 conflict with federal requirements that are a prescribed condition to  
15 the allocation of federal funds to the state, the conflicting part of  
16 this act is inoperative solely to the extent of the conflict and with  
17 respect to the agencies directly affected, and this finding does not  
18 affect the operation of the remainder of this act in its application to  
19 the agencies concerned. Rules adopted under this act must meet federal  
20 requirements that are a necessary condition to the receipt of federal  
21 funds by the state.

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