
SENATE BILL 6020

State of Washington

59th Legislature

2005 Regular Session

By Senators Kastama, Keiser, Kohl-Welles and Kline

Read first time 02/22/2005. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to importation of prescription drugs from Canadian
2 wholesalers; amending RCW 18.64.046; adding a new section to chapter
3 18.64 RCW; and creating new sections.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that as consumers'
6 prescription drug costs continue to rise, people across the state of
7 Washington are seeking opportunities to purchase lower cost
8 prescription drugs from Canada for their personal use. The state has
9 a strong interest in promoting the safe use of prescription drugs by
10 consumers in Washington state. To address this interest, the
11 legislature intends to license Canadian prescription drug wholesalers,
12 thereby providing licensed retail pharmacies the opportunity to
13 purchase prescription drugs from approved Canadian wholesalers and pass
14 those savings on to consumers, and providing consumers the opportunity
15 to purchase prescription drugs from a trusted community pharmacist who
16 is aware of all of their prescription drug needs.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 18.64 RCW
18 to read as follows:

1 (1) The board shall, in consultation with the department and the
2 health care authority, license Canadian prescription drug wholesalers
3 under RCW 18.64.046, thereby providing retail pharmacies licensed in
4 Washington state the opportunity to purchase prescription drugs from
5 approved Canadian wholesalers and pass those savings on to consumers.

6 (a) The board shall ensure the integrity of the prescription drug
7 products being distributed by:

8 (i) Requiring that prescription drugs purchased from Canadian
9 wholesalers originate only from approved manufacturing locations;

10 (ii) Routinely testing prescription drugs purchased from Canadian
11 wholesalers for safety;

12 (iii) Establishing safe labeling, tracking, and shipping procedures
13 for prescription drugs purchased from Canadian wholesalers; and

14 (iv) Closely monitoring compliance with RCW 18.64.046 and any rules
15 adopted by the board;

16 (b) Canadian prescription drug wholesalers must meet the
17 requirements of RCW 18.64.046 and any rules adopted by the board to
18 implement those requirements;

19 (c) The prescription drugs purchased from Canadian wholesalers must
20 be limited to those for which potential savings to consumers can be
21 demonstrated;

22 (d) To ensure that the program benefits those consumers without
23 insurance coverage for prescription drugs who are most in need of price
24 relief, prescription drug purchases from pharmacies will be limited to
25 those not eligible for reimbursement by third party insurance coverage,
26 whether public or private; and

27 (e) Savings associated with purchasing prescription drugs from
28 Canadian wholesalers will be passed on to consumers.

29 (2) By December 1, 2005, the board, in consultation with the
30 department and the health care authority, shall submit a detailed
31 implementation plan to the governor and appropriate committees of the
32 legislature that details the mechanisms that the board will use to
33 implement each component of this section.

34 (3) The board shall adopt rules as necessary to implement this act.

35 **Sec. 3.** RCW 18.64.046 and 2004 c 52 s 3 are each amended to read
36 as follows:

37 (1) The owner of each place of business which sells legend drugs

1 and nonprescription drugs, or nonprescription drugs at wholesale shall
2 pay a license fee to be determined by the secretary, and thereafter, on
3 or before a date to be determined by the secretary as provided in RCW
4 43.70.250 and 43.70.280, a like fee to be determined by the secretary,
5 for which the owner shall receive a license of location from the
6 department, which shall entitle such owner to either sell legend drugs
7 and nonprescription drugs or nonprescription drugs at wholesale at the
8 location specified for the period ending on a date to be determined by
9 the secretary, and each such owner shall at the time of payment of such
10 fee file with the department, on a blank therefor provided, a
11 declaration of ownership and location, which declaration of ownership
12 and location so filed as aforesaid shall be deemed presumptive evidence
13 of the ownership of such place of business mentioned therein. It shall
14 be the duty of the owner to notify immediately the department of any
15 change of location and ownership and to keep the license of location or
16 the renewal thereof properly exhibited in such place of business.

17 (2) Failure to conform with this section is a misdemeanor, and each
18 day that the failure continues is a separate offense.

19 (3) In event the license fee remains unpaid on the date due, no
20 renewal or new license shall be issued except upon compliance with
21 administrative procedures, administrative requirements, and fees
22 determined as provided in RCW 43.70.250 and 43.70.280.

23 (4) No wholesaler may sell any quantity of drug products containing
24 ephedrine, pseudoephedrine, phenylpropanolamine, or their salts,
25 isomers, or salts of isomers, if the total monthly sales of these
26 products to persons within the state of Washington exceed five percent
27 of the wholesaler's total prior monthly sales of nonprescription drugs
28 to persons within the state in March through October. In November
29 through February, no wholesaler may sell any quantity of drug products
30 containing ephedrine, pseudoephedrine, or phenylpropanolamine, or their
31 salts, isomers, or salts of isomers if the total monthly sales of these
32 products to persons within the state of Washington exceed ten percent
33 of the wholesaler's total prior monthly sales of nonprescription drugs
34 to persons within the state. For purposes of this section, monthly
35 sales means total dollars paid by buyers. The board may suspend or
36 revoke the license of any wholesaler that violates this section.

37 (5) The board may exempt a wholesaler from the limitations of
38 subsection (4) of this section if it finds that the wholesaler

1 distributes nonprescription drugs only through transactions between
2 divisions, subsidiaries, or related companies when the wholesaler and
3 the retailer are related by common ownership, and that neither the
4 wholesaler nor the retailer has a history of suspicious transactions in
5 precursor drugs as defined in RCW 69.43.035.

6 (6) The requirements for a license apply to all persons, in
7 Washington and outside of Washington, including those in Canadian
8 provinces, who sell both legend drugs and nonprescription drugs and to
9 those who sell only nonprescription drugs, at wholesale to pharmacies,
10 practitioners, and shopkeepers in Washington.

11 (7) No wholesaler may sell any quantity of ephedrine,
12 pseudoephedrine, phenylpropanolamine, or their salts, isomers, or salts
13 of isomers, to any person in Washington other than a pharmacy licensed
14 under this chapter, a shopkeeper or itinerant vendor registered under
15 this chapter, or a practitioner as defined in RCW 18.64.011. A
16 violation of this subsection is punishable as a class C felony
17 according to chapter 9A.20 RCW, and each sale in violation of this
18 subsection constitutes a separate offense.

19 (8) If the board is unable to develop a reciprocal licensing
20 agreement with Health Canada or an applicable Canadian province, the
21 board shall develop a process to license participating Canadian
22 wholesalers through on-site inspection and certification.

23 NEW SECTION. **Sec. 4.** If any part of this act is found to be in
24 conflict with federal requirements that are a prescribed condition to
25 the allocation of federal funds to the state, the conflicting part of
26 this act is inoperative solely to the extent of the conflict and with
27 respect to the agencies directly affected, and this finding does not
28 affect the operation of the remainder of this act in its application to
29 the agencies concerned. Rules adopted under this act must meet federal
30 requirements that are a necessary condition to the receipt of federal
31 funds by the state.

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