
SENATE BILL 6593

State of Washington 64th Legislature 2016 Regular Session

By Senators Carlyle, Rivers, Keiser, Conway, Roach, and Jayapal

Read first time 01/28/16. Referred to Committee on Health Care.

1 AN ACT Relating to promoting greater fairness for taxpayers in
2 prescription drug costs by pursuing prices that are aligned with or
3 lower than the negotiated prices available to the United States
4 veterans administration; and adding a new chapter to Title 69 RCW.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that prescription
7 drugs play a vital role in preventing illness, curing disease,
8 improving quality of life for persons living with chronic conditions,
9 and prolonging the lives of many Washingtonians. The legislature also
10 finds that prescription drug prices are the single largest
11 contributor to the rising costs of health care premiums, creating
12 significant state budgetary pressure. This pressure is anticipated to
13 build as there are numerous new drugs staged to enter the market
14 within the next year, including high-cost biologics and traditional
15 drugs to treat cancer, asthma, Parkinson's disease, and other serious
16 health conditions. The legislature also finds that a lack of
17 transparency about prescription drug pricing methodology, and the
18 wide variability of pricing for the same drug, make it difficult to
19 determine whether prices are fair and reasonable. The legislature
20 further finds that congress granted the United States veterans
21 administration authority to negotiate prices with pharmaceutical

1 companies, but did not grant this same authority to state medicaid
2 programs. The legislature also finds, however, that in other areas of
3 purchasing, the state frequently works in partnership with federal
4 and local authorities to obtain the best price, frequently using the
5 prices negotiated at the federal level as a benchmark for fairness.
6 The legislature recognizes its duty to assure the best use of
7 taxpayer funds by pursuing smart purchasing strategies, even where
8 the state does not have direct negotiating authority. The
9 legislature, therefore, intends to promote a state prescription drug
10 purchasing strategy that aims to follow the lead of the best price
11 negotiated by the veterans administration.

12 NEW SECTION. **Sec. 2.** (1) The legislature adopts the following
13 guidelines relating to the purchasing and reimbursement of
14 prescription drugs by any state agency:

15 (a) A state agency entering into an agreement with the
16 manufacturer, distributor, or pharmacy benefit manager of any
17 prescription drug must ensure that the purchase price of the drug
18 reflects all available rebates, cash discounts, volume discounts,
19 donations, and other discounts or credits available to the agency. In
20 making this determination, the state agency must consider the lowest
21 price paid for the same drug by the United States department of
22 veterans affairs and seek a price for the prescription drug that is
23 the same as or less than the price paid by the department of veterans
24 affairs; and

25 (b) If a state agency is not the purchaser of the prescription
26 drug but is the ultimate payer of the drug, the amount expended for
27 the drug must not exceed the amount for which the state agency would
28 have otherwise purchased the drug under (a) of this subsection.

29 (2) State agencies may seek any waiver of federal law, rule, or
30 regulation necessary to implement this section. State agencies may
31 adopt rules to implement this section.

32 (3) For the purposes of this section, "state agency" means any
33 state agency or entity responsible for the purchase or reimbursement
34 of prescription drugs for the benefit of Washington state residents.
35 State agencies or entities include the department of social and
36 health services, the department of health, the office of the
37 insurance commissioner, the health care authority, the department of
38 labor and industries, the department of corrections, the Washington

1 state prescription drug program, and the Washington state AIDS drug
2 assistance program.

3 NEW SECTION. **Sec. 3.** (1) Beginning November 1, 2016, and
4 annually thereafter, the office of financial management must provide
5 a report to the fiscal committees of the senate and the house of
6 representatives on:

7 (a) The total dollar amount spent on prescription drugs during
8 the previous fiscal year. This number must include the total costs of
9 prescription drugs purchased by state agencies, broken down by state
10 agency, program, and the amount expended to reimburse for
11 prescription drugs if a state agency was not the purchaser. This
12 amount must also include the following:

13 (i) The percentage of the total dollar amount spent that is spent
14 on specialty drugs; and

15 (ii) The percent of the total dollar amount spent that is spent
16 on traditional drugs; and

17 (b) To the extent permitted by federal law, monthly costs of
18 prescriptions, broken down by state agency or program for the
19 following:

20 (i) The top twenty-five most expensive specialty drugs;

21 (ii) The top twenty-five most expensive traditional drugs;

22 (iii) The top twenty-five most commonly prescribed specialty
23 drugs;

24 (iv) The top twenty-five most commonly prescribed traditional
25 drugs;

26 (v) The top twenty-five long-maintenance specialty drugs likely
27 to be prescribed on an ongoing basis of at least one year or more;

28 (vi) The top twenty-five long-maintenance traditional drugs
29 likely to be prescribed on an ongoing basis of at least one year or
30 more;

31 (vii) The top twenty-five specialty drugs that are used for
32 treatment of an immediate medical need and are likely to be
33 prescribed for a short period of time and are unlikely to be renewed;
34 and

35 (viii) The top twenty-five traditional drugs that are used for
36 treatment of an immediate medical need, are likely to be prescribed
37 for a short period of time, and are unlikely to be renewed.

38 (2) Data required by this section must be delivered to the
39 legislature in a form that allows a direct monthly cost, drug-to-drug

1 comparison between state agencies and between federal purchasers, to
2 the extent permitted by federal law.

3 (3) For the purposes of this section "state agency" means any
4 state agency responsible for the purchase of or reimbursement for
5 prescription drugs. This includes the health care authority, the
6 department of social and health services, the department of labor and
7 industries, and the department of corrections.

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

17 NEW SECTION. **Sec. 5.** Sections 1 through 4 of this act
18 constitute a new chapter in Title 69 RCW.

--- END ---