
ENGROSSED SUBSTITUTE SENATE BILL 5904

State of Washington

58th Legislature

2003 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Deccio, Thibaudeau, Winsley, Franklin, Parlette, Keiser, Brandland, Benton, Carlson, Hale, Johnson, Kline, McAuliffe, McCaslin, Mulliken, Oke, Rasmussen, West, Finkbeiner, Kohl-Welles, Shin, Stevens, Esser, B. Sheldon and Hewitt)

READ FIRST TIME 03/10/03.

1 AN ACT Relating to prescription drug assistance programs for
2 seniors; adding new sections to chapter 74.09 RCW; adding new sections
3 to chapter 41.05 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 prescription
6 drugs are an effective and important part of efforts to maintain and
7 improve the health of Washington state residents. However, their
8 increased cost and utilization is straining the resources of many
9 people, particularly low-income elderly people who lack insurance
10 coverage for such drugs. Furthermore, inappropriate use of
11 prescription drugs can result in unnecessary expenditures and lead to
12 serious health consequences. It is therefore the intent of the
13 legislature to develop programs to provide prescription drugs at an
14 affordable price to those in need, and increase public awareness
15 regarding their safe and cost-effective use.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 74.09 RCW
17 to read as follows:

18 (1) The Washington institute for public policy shall report to the

1 appropriate committees of the legislature by November 15, 2003, on the
2 projected five-year costs, benefits, enrollment levels, and
3 implications for other state-funded medicaid services of a medicaid
4 waiver program that would provide prescription drug benefits to persons
5 aged sixty-five and older who would not otherwise be eligible for
6 medicaid. The department shall actively cooperate and assist the
7 institute in preparation of this report.

8 (2) The report shall assess at least three alternative benefit
9 designs, involving differing enrollee premium levels, point-of-service
10 cost-sharing arrangements, and deductible levels.

11 (3) For each alternative benefit design, the institute shall
12 provide five-year estimates of the number of state residents who would
13 be eligible for the program, the number who would seek coverage, and
14 the projected cost of covering all applicants if eligibility for the
15 program were limited to legal residents aged sixty-five and older with
16 incomes at or below: (a) One hundred fifty percent of the federal
17 poverty level; and (b) two hundred percent of the federal poverty level
18 as adjusted for family size and determined annually by the federal
19 department of health and human services.

20 (4) For each alternative benefit design and income eligibility
21 level, the institute shall estimate the type and amount of medicaid
22 expenditures on behalf of senior citizens that would need to be avoided
23 as a result of the medicaid waiver program in order to meet federal
24 budget neutrality requirements; the likelihood of avoiding such
25 expenditures; and an assessment of the impacts upon the state budget
26 and upon enrollment in the medicaid waiver program if the cost
27 avoidance needed to meet federal budget neutrality requirements is not
28 achieved.

29 (5) The report shall include suggestions about how the medicaid
30 waiver drug benefit should be designed to promote coordination with,
31 and avoid duplication of, drug benefits that may be made available
32 under the federal medicare program.

33 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.05 RCW
34 to read as follows:

35 (1) The health care authority shall implement a program whereby it
36 negotiates with prescription drug manufacturers for price discounts,

1 comparable to those preferred prices it negotiates for its own
2 purchases, to be available to any Washington resident:

3 (a) Whose family income does not exceed two hundred fifty percent
4 of the federal poverty level as adjusted for family size and determined
5 annually by the federal department of health and human services;

6 (b) Who does not otherwise have insurance that provides
7 prescription drug coverage; and

8 (c) Who is: (i) At least fifty years old; or (ii) between the ages
9 of nineteen and forty-nine and is otherwise eligible for benefits under
10 Title II of the social security act, federal old age, survivors, and
11 disability insurance benefits.

12 (2) The administrator shall charge participants in this program an
13 annual enrollment fee sufficient to offset the cost of program
14 administration.

15 (3) The price discounts available pursuant to this section shall
16 not be at the expense of retail pharmacies.

17 (4) This program will be terminated within twelve months after
18 implementation of a prescription drug benefit under Title XVIII of the
19 social security act, or by June 30, 2009.

20 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.05 RCW
21 to read as follows:

22 The consolidated prescription drug purchasing account is created in
23 the custody of the state treasurer. All receipts under section 3(2) of
24 this act from the fees from the price discount program created in
25 section 3 of this act must be deposited into the account. Expenditures
26 from the account may be used only for the purposes of section 3 of this
27 act. Only the administrator or the administrator's designee may
28 authorize expenditures from the account. The account is subject to
29 allotment procedures under chapter 43.88 RCW, but an appropriation is
30 not required for expenditures.

31 NEW SECTION. **Sec. 5.** A new section is added to chapter 41.05 RCW
32 to read as follows:

33 (1) The administrator shall establish and advertise a pharmacy
34 connection program through which health care providers and members of
35 the public can obtain information about manufacturer-sponsored
36 prescription drug assistance programs. The administrator shall ensure

1 that the program has staff available who can assist persons in
2 procuring free or discounted medications from manufacturer-sponsored
3 prescription drug assistance programs by:

4 (a) Determining whether an assistance program is offered for the
5 needed drug or drugs;

6 (b) Evaluating the likelihood of a person obtaining drugs from an
7 assistance program under the guidelines formulated;

8 (c) Assisting persons with the application and enrollment in an
9 assistance program;

10 (d) Coordinating and assisting physicians and others authorized to
11 prescribe medications with communications, including applications, made
12 on behalf of a person to a participating manufacturer to obtain
13 approval of the person in an assistance program; and

14 (e) Working with participating manufacturers to simplify the system
15 whereby eligible persons access drug assistance programs, including
16 development of a single application form and uniform enrollment
17 process.

18 (2) Notice regarding the pharmacy connection program shall
19 initially target senior citizens, but the program shall be available to
20 anyone, and shall include a toll-free telephone number, available
21 during regular business hours, that may be used to obtain information.

22 (3) The administrator may apply for and accept grants or gifts and
23 may enter into interagency agreements or contracts with other state
24 agencies or private organizations to assist with the implementation of
25 this program including, but not limited to, contracts, gifts, or grants
26 from pharmaceutical manufacturers to assist with the direct costs of
27 the program.

28 (4) The administrator shall notify pharmaceutical companies doing
29 business in Washington of the pharmacy connection program. Any
30 pharmaceutical company that does business in this state and that offers
31 a pharmaceutical assistance program shall notify the administrator of
32 the existence of the program, the drugs covered by the program, and all
33 information necessary to apply for assistance under the program.

34 (5) For purposes of this section, "manufacturer-sponsored
35 prescription drug assistance program" means a program offered by a
36 pharmaceutical company through which the company provides a drug or
37 drugs to eligible persons at no charge or at a reduced cost. The term
38 does not include the provision of a drug as part of a clinical trial.

1 NEW SECTION. **Sec. 6.** A new section is added to chapter 74.09 RCW
2 to read as follows:

3 Each of the state's area agencies on aging shall implement a
4 program intended to inform and train persons sixty-five years and older
5 in the safe and appropriate use of prescription and nonprescription
6 medications. To further this purpose, the department shall award a
7 development grant of up to twenty-five thousand dollars to each of the
8 agencies upon a showing that:

9 (1) The agency has the ability to effectively administer such a
10 program, including an understanding of the relevant issues and
11 appropriate outreach and follow-up;

12 (2) The agency can bring resources to the program in addition to
13 those funded by the grant; and

14 (3) The program will be a collaborative effort between the agency
15 and other health care providers and programs in the location to be
16 served, including doctors, pharmacists, and long-term care providers.

17 NEW SECTION. **Sec. 7.** A new section is added to chapter 41.05 RCW
18 to read as follows:

19 The authority may adopt rules to implement this act.

20 NEW SECTION. **Sec. 8.** By January 1, 2005, the administrator of the
21 health care authority and the director of the department of social and
22 health services shall submit to the governor and the legislature a
23 progress report regarding the implementation of the programs created in
24 this act.

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