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**SUBSTITUTE SENATE BILL 6119**

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**State of Washington**

**54th Legislature**

**1996 Regular Session**

**By** Senate Committee on Health & Long-Term Care (originally sponsored by Senator Quigley)

Read first time 02/02/96.

1 AN ACT Relating to insurance coverage for prescription medicine;  
2 adding a new section to chapter 48.20 RCW; adding a new section to  
3 chapter 48.21 RCW; adding a new section to chapter 48.44 RCW; adding a  
4 new section to chapter 48.46 RCW; adding a new section to chapter 43.70  
5 RCW; and creating new sections.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that many health care  
8 insurance policies that include prescription coverage severely restrict  
9 the citizens' choice of available pharmacies. The legislature further  
10 finds that such restrictions infringe on the citizens' freedom to have  
11 their prescriptions filled at the pharmacy and by the pharmacist of  
12 their choice.

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.20 RCW  
14 to read as follows:

15 (1) Each disability insurance policy issued or renewed after July  
16 1, 1996, that provides for payment of all or a portion of prescription  
17 costs, or reimbursement of prescription costs, may not limit purchase  
18 of prescription medicines to a designated pharmacy nor provide for the

1 payment of additional fees or deductibles by the covered pharmacy  
2 patient as a condition of obtaining prescription benefits from a  
3 pharmacy other than a designated pharmacy.

4 (2) The policy may not prohibit a qualified provider of pharmacy  
5 services from becoming a designated provider under the provisions of  
6 the policy if the applicant pharmacy indicates a desire to be  
7 recognized as a designated provider and meets all the applicable terms  
8 and conditions of the policy contract.

9 (3) All qualified providers of pharmacy services shall be subject  
10 to the same terms and conditions for becoming a designated provider.

11 (4) A pharmacy filling prescriptions under this section agrees to  
12 provide pharmaceutical services under the same terms, including  
13 administrative, financial, and professional conditions, as those  
14 provided by the designated pharmacy.

15 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.21 RCW  
16 to read as follows:

17 (1) Each group disability insurance policy issued or renewed after  
18 July 1, 1996, that provides for payment of all or a portion of  
19 prescription costs, or reimbursement of prescription costs, may not  
20 limit purchase of prescription medicines to a designated pharmacy nor  
21 provide for the payment of additional fees or deductibles by the  
22 covered pharmacy patient as a condition of obtaining prescription  
23 benefits from a pharmacy other than a designated pharmacy.

24 (2) The policy may not prohibit a qualified provider of pharmacy  
25 services from becoming a designated provider under the provisions of  
26 the policy if the applicant pharmacy indicates a desire to be  
27 recognized as a designated provider and meets all the applicable terms  
28 and conditions of the policy contract.

29 (3) All qualified providers of pharmacy services shall be subject  
30 to the same terms and conditions for becoming a designated provider.

31 (4) A pharmacy filling prescriptions under this section agrees to  
32 provide pharmaceutical services under the same terms, including  
33 administrative, financial, and professional conditions, as those  
34 provided by the designated pharmacy.

35 NEW SECTION. **Sec. 4.** A new section is added to chapter 48.44 RCW  
36 to read as follows:

1 (1) Each health care service contract issued or renewed after July  
2 1, 1996, that provides for payment of all or a portion of prescription  
3 costs, or reimbursement of prescription costs, may not limit purchase  
4 of prescription medicines to a designated pharmacy nor provide for the  
5 payment of additional fees or deductibles by the covered pharmacy  
6 patient as a condition of obtaining prescription benefits from a  
7 pharmacy other than a designated pharmacy.

8 (2) The policy may not prohibit a qualified provider of pharmacy  
9 services from becoming a designated provider under the provisions of  
10 the policy if the applicant pharmacy indicates a desire to be  
11 recognized as a designated provider and meets all the applicable terms  
12 and conditions of the policy contract.

13 (3) All qualified providers of pharmacy services shall be subject  
14 to the same terms and conditions for becoming a designated provider.

15 (4) A pharmacy filling prescriptions under this section agrees to  
16 provide pharmaceutical services under the same terms, including  
17 administrative, financial, and professional conditions, as those  
18 provided by the designated pharmacy.

19 NEW SECTION. **Sec. 5.** A new section is added to chapter 48.46 RCW  
20 to read as follows:

21 (1) Each health maintenance agreement issued or renewed after July  
22 1, 1996, that provides for payment of all or a portion of prescription  
23 costs, or reimbursement of prescription costs, may not limit purchase  
24 of prescription medicines to a designated pharmacy nor provide for the  
25 payment of additional fees or deductibles by the covered pharmacy  
26 patient as a condition of obtaining prescription benefits from a  
27 pharmacy other than a designated pharmacy.

28 (2) The policy may not prohibit a qualified provider of pharmacy  
29 services from becoming a designated provider under the provisions of  
30 the policy if the applicant pharmacy indicates a desire to be  
31 recognized as a designated provider and meets all the applicable terms  
32 and conditions of the policy contract.

33 (3) All qualified providers of pharmacy services shall be subject  
34 to the same terms and conditions for becoming a designated provider.

35 (4) A pharmacy filling prescriptions under this section agrees to  
36 provide pharmaceutical services under the same terms, including  
37 administrative, financial, and professional conditions, as those  
38 provided by the designated pharmacy.

1 (5) A health maintenance organization, to the extent that it  
2 directly employs pharmacists licensed under chapter 18.64 RCW, is in  
3 compliance with this section so long as the health maintenance  
4 organization complies with section 6 of this act.

5 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.70 RCW  
6 to read as follows:

7 (1) The Washington state board of pharmacy may recommend to the  
8 secretary the adoption of rules providing for standards of patient care  
9 with respect to the terms and conditions of a contract or agreement  
10 between a pharmacist licensed under chapter 18.64 RCW and a health  
11 maintenance organization to the extent that the health maintenance  
12 organization directly employs pharmacists. Recommendations shall be  
13 considered by the secretary only if the proposed rule would foster  
14 strict compliance with standards of patient care, professional conduct,  
15 and scopes of practice; would promote quality medical and health  
16 practice to improve the public's health status; would prevent  
17 unreasonable interference with patient access to needed health  
18 services; and would protect the public health and safety.

19 (2) The secretary is authorized to adopt rules based upon  
20 recommendations made in accordance with subsection (1) of this section.  
21 When practical and appropriate, and with the approval of the Washington  
22 state board of pharmacy, the secretary shall apply the rules to all  
23 pharmacists licensed under chapter 18.64 RCW to promote consistent  
24 standards for contracting between pharmacists licensed under chapter  
25 18.64 RCW and all health maintenance organizations to the extent that  
26 the health maintenance organizations directly employ pharmacists.

27 (3) Beginning one year after the promulgation of standards of  
28 patient care under this section, the secretary may impose such  
29 standards of patient care as a condition of licensure under chapter  
30 18.64 RCW. It is a violation of practice requirements to enter into a  
31 contract that does not meet such standards with a health maintenance  
32 organization to the extent that the health maintenance organization  
33 directly employs pharmacists.

34 NEW SECTION. **Sec. 7.** (1) All carriers, as defined in RCW  
35 48.43.005, who violate this act or any rule adopted under this act  
36 shall pay a civil penalty of not less than one thousand dollars nor  
37 more than fifty thousand dollars for each violation. The attorney

1 general shall bring an action in superior court to enforce the  
2 provisions of this act.

3 (2) Any person may bring a civil action against any carrier to  
4 recover damages suffered as the result of a violation of this act or of  
5 a rule adopted under this act. Proof of a violation constitutes prima  
6 facie evidence of damages. The court shall award treble the amount of  
7 damages.

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