

SENATE BILL REPORT

SB 6658

As of February 2, 2000

Title: An act relating to reducing the cost of prescription drugs to qualifying residents of the state.

Brief Description: Creating the Washington low-cost prescription drug program.

Sponsors: Senators Deccio, Thibaudeau, Gardner, Patterson, Winsley, Prentice, Costa and Kohl-Welles.

Brief History:

Committee Activity: Health & Long-Term Care: 2/3/2000.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Jinnah Rose-McFadden (360-786-7444)

Background: As the costs of prescription drugs rise, there are concerns that many people who rely on prescription drugs to remain healthy are prohibited, by cost, from purchasing necessary medications. Rebate programs have been used by many states to alleviate this problem. However, no such program is currently available in Washington State.

Summary of Bill: The Washington low-cost prescription drug program is created. The Department of Social and Health Services (DSHS) is authorized to conduct the program and set rules.

The program provides discounted prescription drugs to qualifying residents, by passing on negotiated rebates. Qualifying residents are residents of Washington state who are at least 55 years old, or disabled, and have an annual household income no greater than 200 percent of the federal poverty level.

Qualifying residents receive discounts on covered prescription drugs at their local retail pharmacy. Retail pharmacies throughout the state must verify discount drug prices with DSHS before charging residents the discount rate. On a regular basis, DSHS reimburses retail pharmacies the difference between the retail price of the covered drug and the discounted price.

Discount rates are set in rule by DSHS and must be proportionate to rebate rates, calculated under a federal standard, that are set out in rebate agreements.

DSHS and drug manufacturers that choose to participate in the program must enter into rebate agreements. Rebate agreements require that manufacturers make rebate payments to DSHS each quarter. Rebates are passed directly on to consumers, through the low-cost prescription drug program.

A prescription drug account is set up through the state treasury. Rebate payments must be deposited into this account.

The administrative and computer costs of the program must be funded solely from rebate payments.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.