
SENATE BILL 6471

State of Washington

64th Legislature

2016 Regular Session

By Senators Ranker, Jayapal, Darneille, Hargrove, Keiser, Rolfes, Hasegawa, Conway, and Chase

Read first time 01/21/16. Referred to Committee on Health Care.

1 AN ACT Relating to promoting transparency of prescription drug
2 pricing and costs; adding a new section to chapter 41.05 RCW; and
3 creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that annual cost
6 reporting on the most expensive prescription drugs will be of use to
7 policymakers, government agencies, and other purchasers seeking to
8 understand the pricing and value of these important products. The
9 legislature intends to make pharmaceutical pricing as transparent as
10 the pricing in other sectors of the health care industry by making
11 information available to the public about the costs of ultrahigh-
12 priced pharmaceuticals.

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.05
14 RCW to read as follows:

15 (1) Each manufacturer of a prescription drug made available in
16 Washington that has a wholesale acquisition cost of ten thousand
17 dollars or more annually or per course of treatment shall file a
18 report with the authority pursuant to this section on the costs for
19 each qualifying drug.

1 (2) The report required pursuant to subsection (1) of this
2 section must include the following information for each drug:

3 (a) The total costs for the production of the drug, including:

4 (i) The total research and development costs paid by the
5 manufacturer and, separately, the total research and development
6 costs paid by any predecessor in the development of the drug;

7 (ii) The total costs of clinical trials and other regulatory
8 costs paid by the manufacturer and, separately, the total costs of
9 clinical trials and other regulatory costs paid by any predecessor in
10 the development of the drug;

11 (iii) The total costs for materials, manufacturing, and
12 administration attributable to the drug;

13 (iv) The total costs paid by any entity other than the
14 manufacturer or predecessor for research and development, including
15 any amount from federal, state, or other governmental programs or any
16 form of subsidies, grants, or other support;

17 (v) Any other costs to acquire the drug, including costs for the
18 purchase of patents, and the licensing or acquisition of any
19 corporate entity owning any rights to the drug while in development;

20 (vi) The total marketing and advertising costs for the promotion
21 of the drug directly to consumers, including costs associated with
22 direct to consumer coupons and amounts redeemed, total marketing and
23 advertising costs for promotion of the drug directly or indirectly to
24 prescribers, and any other advertising for the drug;

25 (b) A cumulative annual history of average wholesale price and
26 wholesale acquisition cost increases for the drug, expressed as a
27 percentage, including the months in which each increase in each
28 category, average wholesale price, and wholesale acquisition cost
29 took effect;

30 (c) The total profit attributable to the drug, represented in
31 total dollars and as a percentage of the total company profits
32 derived from the sale of the drug;

33 (d) The total amount of financial assistance the manufacturer has
34 provided through patient prescription assistance programs.

35 (3) The information required in subsection (2) of this section
36 must be itemized and documented by the manufacturer, and audited by a
37 fully independent third-party auditor prior to filing.

38 (4) The information required by this section shall be filed
39 annually with the authority on a form prescribed by the authority and
40 shall be submitted no later than June 1st each year.

1 (5) The authority shall submit an annual report to the
2 legislature outlining the information submitted pursuant to
3 subsection (2) of this section, and shall post the report on its
4 publicly available web site not later than October 31st each year.

5 (6) The authority shall convene an advisory panel to develop the
6 form required by this section. The panel must include representatives
7 from the pharmaceutical industry, health care service plans and
8 insurers, pharmacy benefit managers, governmental agencies, consumer
9 advocates, and health care providers with prescribing authority.

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