

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1855  
Committee Substitute Favorable 6/20/00

Short Title: State Health Plan Changes.

(Public)

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Sponsors:

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Referred to:

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May 30, 2000

A BILL TO BE ENTITLED

AN ACT PERTAINING TO PRESCRIPTION DRUG, RETIREE PREMIUMS, AND  
CHRONIC CONDITION CLAIM COSTS UNDER THE TEACHERS' AND STATE  
EMPLOYEES' COMPREHENSIVE MAJOR MEDICAL PLAN.

The General Assembly of North Carolina enacts:

Section 1. G.S. 135-40.5(g) reads as rewritten:

"(g) Prescription Drugs. – The Plan's allowable charges for prescription legend drugs to be used outside of a hospital or skilled nursing facility are ninety percent (90%) of the average wholesale ~~price~~ price for branded prescriptions and forty percent (40%) of the average wholesale price for generic prescriptions. A dispensing fee of ~~six dollars (\$6.00)~~ four dollars (\$4.00) per prescription shall also be an allowable charge for qualified providers. The Plan will pay allowable charges for each outpatient prescription drug less a copayment to be paid by each covered individual equal to the following amounts: pharmacy charges up to ten dollars (\$10.00) for each generic prescription, fifteen dollars (\$15.00) for each branded prescription, and twenty dollars (\$20.00) for each branded prescription with a generic equivalent ~~drug~~ drug, and twenty-five dollars (\$25.00) for each branded or generic prescription not on a formulary used by the Plan. Allowable charges shall not be greater than a pharmacy's usual and customary charge to the general public for a particular prescription. Prescriptions shall be for no more than a 34-day

1 supply for the purposes of the copayments paid by each covered individual. By accepting  
2 the copayments and any remaining allowable charges provided by this subsection,  
3 pharmacies shall not balance bill an individual covered by the Plan. A prescription legend  
4 drug is defined as an article the label of which, under the Federal Food, Drug, and  
5 Cosmetic Act, is required to bear the legend: 'Caution: Federal Law Prohibits Dispensing  
6 Without Prescription.' Such articles may not be sold to or purchased by the public without  
7 a prescription order. Benefits are provided for insulin even though a prescription is not  
8 required.

9 The Plan may use a pharmacy benefit manager to help manage the Plan's outpatient  
10 prescription drug coverage. Any formulary used by the manager shall be an open  
11 formulary. A manager may implement dispensing limits, manufacturer rebates, generic  
12 substitutions, concurrent reviews for compliance with appropriate clinical protocols, cost-  
13 effective protocols, and contraindications, and prospective reviews for drugs requiring  
14 prior approval. A manager shall be required to maintain continuous and open  
15 communications with physicians, pharmacies, and members of the Plan regarding the  
16 safest and most efficacious use of outpatient prescription drugs."

17 Section 2. G.S. 135-39.4A(f) reads as rewritten:

18 "(f) The Executive Administrator may employ such clerical and professional staff,  
19 and such other assistance as may be necessary to assist the Executive Administrator and  
20 the Board of Trustees in carrying out their duties and responsibilities under this Article.  
21 The Executive Administrator may also negotiate, renegotiate and execute contracts with  
22 third parties in the performance of his duties and responsibilities under this Article;  
23 provided any contract negotiations, renegotiations and execution with a Claims Processor  
24 or with an optional prepaid hospital and medical benefit plan or with a preferred provider  
25 of institutional or professional hospital and medical care or with a pharmacy benefit  
26 manager shall be done only after consultation with the Committee on Employee Hospital  
27 and Medical Benefits."

28 Section 3. Effective January 1, 2001, G.S. 135-39.5 is amended by adding  
29 subdivisions to read:

30 "(24) Implementing and administering a case management and disease  
31 management program.

32 "(25) Implementing and administering a pharmacy benefit management  
33 program through a third-party contract awarded after competitive  
34 bid."

35 Section 4. Effective January 1, 2001, G.S. 135-40.6A(b) is amended by adding  
36 a subdivision to read:

37 "(10) Outpatient prescription drugs requiring prospective review under the  
38 Plan's pharmacy benefit management program."

39 Section 5. G.S. 135-40.7 is amended by adding a subdivision to read:

40 "(23) Charges disallowed by the Plan's pharmacy benefits manager."

41 Section 6.(a) G.S. 135-40.2(a) reads as rewritten:

42 "(a) The following persons are eligible for coverage under the Plan, on a  
43 noncontributory basis, subject to the provisions of G.S. 135-40.3:

1                   ...

2                   (2)     Retired teachers, State employees, members of the General

3                   Assembly, and retired State law enforcement officers who retired

4                   under the Law Enforcement Officers' Retirement System prior to

5                   January 1, 1985. ~~For employees first hired on and after October 1, 1995,~~

6                   ~~and members of the General Assembly first taking office on and after~~

7                   ~~October 1, 1995, future coverage as retired employees and retired~~

8                   ~~members of the General Assembly is subject to a requirement that the~~

9                   ~~future retiree have 20 or more years of retirement service credit in order to~~

10                   ~~be covered by the provisions of this subdivision."~~

11       Section 6.(b)     G.S. 135-40.2(a1) and G.S. 135-40.2(b)(11) are repealed.

12                   Section 7. This act becomes effective August 1, 2000, unless otherwise stated.