May 30, 2000

H 1855. STATE HEALTH PLAN CHANGES-2. *PERTAINING TO PRESCRIPTION DRUG COSTS UNDER THE TEACHERS' AND STATE EMPLOYEES' COMPREHENSIVE MAJOR MEDICAL PLAN*. Amends GS 135-40.5(g) to provide that Plan's allowable charges for prescription legend drugs to be used outside of a hospital or skilled nursing facility are determined by a third-party pharmacy benefit manager under contract with the Plan. Eliminates provision that prescriptions are for no more than a 34 day supply. Makes conforming amendment to GS 135-39.5.

Intro. by Wright.

Ref. to Health	GS 135

June 20, 2000

H 1855. STATE HEALTH PLAN CHANGES. Intro. 5/30/00. House committee substitute makes the following changes to 1st edition. Amends GS 135-40.2(a) (eligibility for Plan) to remove provision that retired employees first hired or legislators first taking office on and after October 1, 1995 have 20 or more years of retirement service credit to be eligible for Plan coverage on a noncontributory basis. Repeals subsections (a1) and (b)(11) of this statute which describe partial and full contributory participation eligibility for this group of employees.

Rewrites prescription drug changes in GS 135-40.5(g) as follows: (a) provides that allowable charges for prescription drugs are ninety percent of the average wholesale price for branded prescriptions and forty percent of the average wholesale price for generic prescriptions; (b) lowers dispensing fee from six to four dollars; (c) adds $25 copayment for a branded or generic prescription not on a formulary used by the Plan; and (d) retains provision that prescriptions shall be for no more than a 34-day supply for purposes of copayments (previous version deleted this provision). Adds provisions permitting the Plan to use a pharmacy benefit manager to help manage outpatient prescription drug coverage. Effective 1/1/01, adds to powers and duties of Executive Administrator and Board of Trustees of the State Employees' Medical Plan implementing and administering the following: (a) a case management and disease management program and (b) a pharmacy benefit management program through a third-party contract awarded after competitive bids. Effective 1/1/01, adds the following to list of procedures requiring prior approval: outpatient prescription drugs requiring a prospective review under the Plan's pharmacy benefit management program. Amends GS 135-40.7 to add "charges disallowed by the Plan's pharmacy benefits manager" to the list of items not covered by the Plan.

Effective August 1, 2000.

June 29, 2000

H 1855. STATE HEALTH PLAN CHANGES. Intro. 5/30/00. Senate committee substitute makes the following changes to 2nd edition. (1) Amends GS 135-40.5(g) to provide that allowable charge for prescription drugs will be determined by State Health Plan's Executive Director and Board of Trustees (was, 90% of average wholesale price for branded prescriptions and 40% of average wholesale price for generic prescriptions). Deletes current and proposed provisions regarding dispensing fee. (2) Deletes proposed provisions relating to use of open formulary, dispensing limits, manufacturer rebates, etc. Adds provision prohibiting coverage for erectile dysfunction, growth hormone, anti-wrinkle, weight loss, and hair growth drugs that are not medically necessary to health of plan member. (3) Deletes requirement in new GS 135-39.5(25) that would have required competitive bidding in award of third-party contract for pharmacy benefit management program. (4) Makes act effective upon enactment (was, effective Aug. 1, 2000 unless otherwise indicated).

July 13, 2000

H 1855. STATE HEALTH PLAN CHANGES. Intro. 5/30/00. Conference report recommends the following changes to reconcile matters in controversy. Concurs in 2nd edition with following amendments: (1) revises proposed new GS 135-39.5(25) to require that third party contract be awarded after receiving competitive quotes; (2) adds new section, effective Aug. 1, 2000, to

provide that executive administrator and board of trustees must, for fiscal year 2000-01, set allowable charges for outpatient prescription drugs at 90 percent of average wholesale price for branded prescriptions, maximum allowable charge limits for generic prescriptions covered by rules and regulations of Health Care Financing Administration, and 80 percent of average wholesale price for generic prescriptions not covered by rules and regulations of HCFA, plus a dispensing fee of $4 per prescription. Any formulary used by pharmacy benefit manager must be open formulary.