

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 1167

Short Title: State Health Plan Prescriptions.

(Public)

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Sponsors: Senators Sherron; and Seymour.

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Referred to: State Personnel and State Government.

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June 3, 1992

A BILL TO BE ENTITLED

AN ACT TO CONTROL COSTS IN THE PRESCRIPTION DRUG COVERAGE  
PART OF THE TEACHERS' AND STATE EMPLOYEES' COMPREHENSIVE  
MAJOR MEDICAL PLAN.

The General Assembly of North Carolina enacts:

Section 1. G.S. 135-40.6(8) a. reads as rewritten:

"a. 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. A dispensing fee for qualified providers shall be determined by the Executive Administrator and Board of Trustees. The Plan will pay allowable charges for each outpatient prescription drug less a copayment to be paid by each covered individual equal to the provider dispensing fee set by the Executive Administrator and Board of Trustees.~~ are:

1. For brand name drugs with a generic equivalent, fifty percent (50%) of the lesser of the provider's actual charges or the ninetieth (90th) percentile of base period charges to the Plan for that same brand name drug;
2. For brand name drugs without a generic equivalent, seventy percent (70%) of the lesser of the provider's actual charges or the ninetieth (90th) percentile of base period charges to the Plan for that same brand name drug; and

- 1                   3.     For generic drugs, one hundred percent (100%) of the  
2                   lesser of:  
3                   a.     The provider's actual charges; or  
4                   b.     The ninetieth (90th) percentile of base period  
5                   charges to the Plan for that same generic drug  
6                   less five dollars (\$5.00); provided that the five dollar  
7                   (\$5.00) copayment shall not be applied after the covered  
8                   individual reaches the maximum out-of-pocket  
9                   deductible for a fiscal year under the first clause of this  
10                  section.

11                  Where this subdivision calls for charges to be capped at a  
12                  percentile of base period charges to the Plan for a drug, but  
13                  there were no charges to the Plan for that drug during the base  
14                  period because of its recent introduction, then the cap shall be  
15                  ninety percent (90%) of the average wholesale price of the drug.  
16                  A prescription legend drug is defined as an article the label of  
17                  which, under the Federal Food, Drug, and Cosmetic Act, is  
18                  required to bear the legend: 'Caution: Federal Law Prohibits  
19                  Dispensing Without Prescription.' Such articles may not be sold  
20                  to or purchased by the public without a prescription order.  
21                  Benefits are provided for insulin even though prescription is not  
22                  required.

23                  There is established a peer review committee of 12 persons,  
24                  six appointed by the Speaker of the House of Representatives  
25                  and six appointed by the President Pro Tempore of the Senate.  
26                  Of the appointees of the Speaker, one shall be a State employee,  
27                  one shall be a member of the North Carolina Medical Society,  
28                  and four shall be pharmacists. Of the appointees of the  
29                  President Pro Tempore, one shall be a retired State employee,  
30                  one shall be a public school teacher, three shall be pharmacists,  
31                  and one shall be a public member who is not in any of the  
32                  named categories. Members of the committee shall serve two-  
33                  year terms commencing July 1, 1992, and biennially thereafter.  
34                  The committee shall advise the Executive Director on the  
35                  development of the program and review compliance with this  
36                  subdivision (8). The committee shall evaluate the extent to  
37                  which the revised subdivision has controlled costs for the Plan,  
38                  the extent to which pharmacists are assisting members of the  
39                  Plan in reducing their expenses, and the extent to which  
40                  prescribers are allowing choice of generic drugs. The  
41                  committee shall report quarterly to the Executive Director and  
42                  to the Fiscal Research Division."

43                  Sec. 2. This act becomes effective October 1, 1992.