

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 796 (First Edition)

**SHORT TITLE:** Prescription Drugs/Competition

**SPONSOR(S):** Rep. Crawford, *et al.*

**FISCAL IMPACT**

Yes ( )      No (X)      No Estimate Available ( )

FY 1997-98   FY 1998-99   FY 1999-00   FY 2000-01   FY 2001-02

**REVENUES**

**EXPENDITURES**

**NO FISCAL IMPACT**

**POSITIONS:**

**PRINCIPAL DEPARTMENT(S) &**

**PROGRAM(S) AFFECTED:** Insurance Department, Office of the Attorney General

**EFFECTIVE DATE:** October 1, 1997

**BILL SUMMARY:** Adds new GS 58-51-37A, regulating relationships between pharmacies and health benefit plans, with following specific prohibitions and requirements: (1) prohibits health benefit plan (including insurer or third party administrator) from restricting or prohibiting pharmacy from establishing price for prescription drugs or from setting hours of operation; and provides that if charge made by pharmacy is greater than benefit allowed by plan, beneficiary is responsible for paying pharmacy the difference; (2) allows beneficiary under plan to redeem benefits for prescription drugs or pharmaceutical services at pharmacy of beneficiary's choice, and prohibits plan from restricting, inducing, or coercing such choice by beneficiary; (3) prohibits plan from restricting or prohibiting pharmacy from charging beneficiary for services in addition to charges for drug, and makes any provision of pharmacy provider contract to contrary void; (4) prohibits plan from taking any action that promotes or recommends one pharmacy or group of pharmacies to beneficiaries; (5) requires plan to inform beneficiary of these rights and prohibitions. Establishes penalties and remedies for enforcement of act including; (1) disapproval of Comm'r of Insurance of plan that does not conform with act; (2) civil cause of action for damages or injunctive relief, for any person aggrieved; and (3) imposition of civil

penalties (\$1,000 to \$10,000 per day), restitution, and summary suspension of license or certificate pursuant to GS 58-2-70.... Applies to health benefit plans delivered, issued for delivery, or renewed on or after that date.<sup>1</sup>

**ASSUMPTIONS AND METHODOLOGY:** Department of Insurance reports that review and enforcement responsibilities can be met with existing resources and will have no effect on the General Fund. The Judicial Department does not anticipate this bill would have a substantial impact on the court system. The Department expects most entities would comply with the regulatory requirements, and that the potential few additional cases could be absorbed within existing court resources.

**TECHNICAL CONSIDERATIONS:**

**FISCAL RESEARCH DIVISION**

**733-4910**

**PREPARED BY: William L. Spencer, Charles Perusse**

**APPROVED BY: Tom Covington TomC**

**DATE:**



**Signed Copy Located in the NCGA Principal Clerk's Offices**

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<sup>1</sup> Legislative Reporting Service, Institute of Government: "Daily Bulletin," Vol. 1997, No. 38, p. 10.