

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 885  
Judiciary II Committee Substitute Adopted 5/10/93  
House Committee Substitute Favorable 6/25/93  
Fourth Edition Engrossed 6/29/93

Short Title: Health Ins. – Pharmacy of Choice.

(Public)

Sponsors:

Referred to:

April 19, 1993

A BILL TO BE ENTITLED

AN ACT TO ENSURE THAT CONSUMERS HAVE THE RIGHT TO SELECT THE PHARMACY OF THEIR CHOICE.

The General Assembly of North Carolina enacts:

Section 1. Chapter 58 of the General Statutes is amended by adding a new section to read:

**"§ 58-51-58. Pharmacy of choice.**

(a) This section shall apply to all health benefit plans providing pharmaceutical services benefits, including prescription drugs, to any resident of North Carolina. This section shall also apply to insurance companies and health maintenance organizations that provide or administer coverages and benefits for prescription drugs. This section shall not apply to any entity that has its own facility, employs or contracts with physicians, pharmacists, nurses, and other health care personnel, and that dispenses prescription drugs from its own pharmacy to its employees and to enrollees of its health benefit plan; provided, however, this section shall apply to an entity otherwise excluded that contracts with an outside pharmacy or group of pharmacies to provide prescription drugs and services. This section shall not apply to any federal program, clinical trial program, hospital or other health care facility licensed pursuant to Chapter 131E or Chapter 122C of the General Statutes, when dispensing prescription drugs to its patients.

(b) As used in this section:

- 1           (1) 'Copayment' means a type of cost sharing whereby insured or covered  
2           persons pay a specified predetermined amount per unit of service with  
3           their insurer paying the remainder of the charge. The copayment is  
4           incurred at the time the service is used. The copayment may be a fixed  
5           or variable amount.
- 6           (2) 'Contract provider' means a pharmacy granted the right to provide  
7           prescription drugs and pharmacy services according to the terms of the  
8           insurer.
- 9           (3) 'Health benefit plan' is as that term is defined in G.S. 58-50-110(11).
- 10          (4) 'Insurer' means any entity that provides or offers a health benefit plan.
- 11          (5) 'Pharmacy' means a pharmacy registered with the North Carolina  
12          Board of Pharmacy.
- 13          (c) The terms of a health benefit plan shall not:
- 14               (1) Prohibit or limit a resident of this State, who is eligible for  
15               reimbursement for pharmacy services as a participant or beneficiary of  
16               a health benefit plan, from selecting a pharmacy of his or her choice  
17               when the pharmacy has agreed to participate in the health benefit plan  
18               according to the terms offered by the insurer;
- 19               (2) Deny a pharmacy the opportunity to participate as a contract provider  
20               under a health benefit plan if the pharmacy agrees to provide pharmacy  
21               services that meet the terms and requirements, including terms of  
22               reimbursement, of the insurer under a health benefit plan, provided  
23               that if the pharmacy is offered the opportunity to participate, it must  
24               participate or no provisions of G.S. 58-51-58 shall apply;
- 25               (3) Impose upon a beneficiary of pharmacy services under a health benefit  
26               plan any copayment, fee, or condition that is not equally imposed upon  
27               all beneficiaries in the same benefit category, class, or copayment level  
28               under the health benefit plan when receiving services from a contract  
29               provider;
- 30               (4) Impose a monetary advantage or penalty under a health benefit plan  
31               that would affect a beneficiary's choice of pharmacy. Monetary  
32               advantage or penalty includes higher copayment, a reduction in  
33               reimbursement for services, or promotion of one participating  
34               pharmacy over another by these methods.
- 35               (5) Reduce allowable reimbursement for pharmacy services to a  
36               beneficiary under a health benefit plan because the beneficiary selects  
37               a pharmacy of his or her choice, so long as that pharmacy has enrolled  
38               with the health benefit plan under the terms offered to all pharmacies  
39               in the plan coverage area; or
- 40               (6) Require a beneficiary, as a condition of payment or reimbursement, to  
41               purchase pharmacy services, including prescription drugs, exclusively  
42               through a mail-order pharmacy.
- 43          (d) A pharmacy, by or through a pharmacist acting on its behalf as its employee,  
44          agent, or owner, may not waive, discount, rebate, or distort a copayment of any insurer,

1 policy, or plan, or a beneficiary's coinsurance portion of a prescription drug coverage or  
2 reimbursement and if a pharmacy, by or through a pharmacist's acting on its behalf as  
3 its employee, agent or owner, provides a pharmacy service to an enrollee of a health  
4 benefit plan that meets the terms and requirements of the insurer under a health benefit  
5 plan, the pharmacy shall provide its pharmacy services to all enrollees of that health  
6 benefit plan on the same terms and requirements of the insurer. A violation of this  
7 subsection shall be a violation of the Pharmacy Practice Act subjecting the pharmacist  
8 as a licensee to disciplinary authority of the North Carolina Board of Pharmacy pursuant  
9 to G.S. 90-85.38.

10 (e) At least 60 days before the effective date of any health benefit plan providing  
11 reimbursement to North Carolina residents for prescription drugs, which restricts  
12 pharmacy participation, the entity providing the health benefit plan shall notify, in  
13 writing, all pharmacies within the geographical coverage area of the health benefit plan,  
14 and offer to the pharmacies the opportunity to participate in the health benefit plan. All  
15 pharmacies in the geographical coverage area of the plan shall be eligible to participate  
16 under identical reimbursement terms for providing pharmacy services, including  
17 prescription drugs. The entity providing the health benefit plan shall, through  
18 reasonable means, on a timely basis, and on regular intervals in order to effectuate the  
19 purposes of this section, inform the beneficiaries of the plan of the names and locations  
20 of pharmacies that are participating in the plan as providers of pharmacy services and  
21 prescription drugs. Additionally, participating pharmacies shall be entitled to announce  
22 their participation to their customers through a means acceptable to the pharmacy and  
23 the entity providing the health benefit plans. The pharmacy notification provisions of  
24 this section shall not apply when an individual or group is enrolled, but when the plan  
25 enters a particular county of the State.

26 (f) If rebates or marketing incentives are allowed to pharmacies or other  
27 dispensing entities providing services or benefits under a health benefit plan, these  
28 rebates or marketing incentives shall be offered on an equal basis to all pharmacies and  
29 other dispensing entities providing services or benefits under a health benefit plan when  
30 pharmacy services, including prescription drugs, are purchased in the same volume and  
31 under the same terms of payment. Nothing in this section shall prevent a  
32 pharmaceutical manufacturer or wholesale distributor of pharmaceutical products from  
33 providing special prices, marketing incentives, rebates, or discounts to different  
34 purchasers not prohibited by federal and State antitrust laws.

35 (g) Any entity or insurer providing a health benefit plan is subject to G.S. 58-2-  
36 70. A violation of this section shall subject the entity providing a health benefit plan to  
37 the sanctions of revocation, suspension, or refusal to renew license in the discretion of  
38 the Commissioner pursuant to G.S. 58-3-100.

39 (h) A violation of this section creates a civil cause of action for damages or  
40 injunctive relief in favor of any person or pharmacy aggrieved by the violation.

41 (i) The Commissioner shall not approve any health benefit plan providing  
42 pharmaceutical services which does not conform to this section.

1       (j) Any provision in a health benefit plan which is executed, delivered, or  
2 renewed, or otherwise contracted for in this State that is contrary to any provision of this  
3 section shall, to the extent of the conflict, be void.

4       (k) It shall be a violation of this section for any insurer or any person to provide  
5 any health benefit plan providing for pharmaceutical services to residents of this State  
6 that does not conform to the provisions of this section."

7               Sec. 2. If any provision of this act or the application thereof to any person or  
8 circumstance is held invalid, such invalidity shall not affect other provisions or  
9 applications of the act which can be given effect without the invalid provisions or  
10 application, and to this end the provisions of this act are declared to be severable.

11               Sec. 3. This act becomes effective October 1, 1993.