

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1999

HOUSE BILL 1855
RATIFIED BILL

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 to be determined by the Plan's Executive Administrator and Board of Trustees. ninety percent (90%) of the average wholesale price. A dispensing fee of six dollars (\$6.00) 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 supply for the purposes of the copayments paid by each covered individual. By accepting the copayments and any remaining allowable charges provided by this subsection, pharmacies shall not balance bill an individual covered by the Plan. A prescription legend drug is defined as an article the label of which, under the Federal Food, Drug, and Cosmetic Act, is required to bear the legend: 'Caution: Federal Law Prohibits Dispensing Without Prescription.' Such articles may not be sold to or purchased by the public without a prescription order. Benefits are provided for insulin even though a prescription is not required. The Plan may use a pharmacy benefit manager to help manage the Plan's outpatient prescription drug coverage. In managing the Plan's outpatient prescription drug benefits, the Plan and its pharmacy benefit manager shall not provide coverage for erectile dysfunction, growth hormone, antiwrinkle, weight loss, and hair growth drugs unless such coverage is medically necessary to the health of the member."

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

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

Section 3. G.S. 135-39.5 is amended by adding subdivisions to read:

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

(25) Implementing and administering a pharmacy benefit management program through a third-party contract awarded after receiving competitive quotes."

Section 4. G.S. 135-40.6A(b) is amended by adding a subdivision to read:

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

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

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

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

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

...
(2) Retired teachers, State employees, members of the General Assembly, and retired State law enforcement officers who retired under the Law Enforcement Officers' Retirement System prior to January 1, 1985. ~~For employees first hired on and after October 1, 1995, and members of the General Assembly first taking office on and after October 1, 1995, future coverage as retired employees and retired members of the General Assembly is subject to a requirement that the future retiree have 20 or more years of retirement service credit in order to be covered by the provisions of this subdivision."~~

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

Section 7. The Executive Administrator and Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan shall, for fiscal year 2000-2001, set allowable charges for outpatient prescription drugs at ninety percent (90%) of average wholesale price for branded prescriptions, maximum allowable charge limits for generic prescriptions covered by rules and regulations of the Health Care Financing Administration, and eighty percent (80%) of average wholesale price for generic prescriptions not covered by rules and regulations of the Health Care Financing Administration, plus a dispensing fee of four dollars (\$4.00) per prescription. The Executive Administrator and Board of Trustees shall insure that any formulary used by a pharmacy benefit manager is an open formulary.

Section 8. Section 7 of this act becomes effective August 1, 2000. The remainder of this act is effective when it becomes law."

In the General Assembly read three times and ratified this the 13th day of July, 2000.

Marc Basnight
President Pro Tempore of the Senate

James B. Black
Speaker of the House of Representatives

James B. Hunt, Jr.
Governor

Approved _____ .m. this _____ day of _____ , 2000