

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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SENATE BILL 424

Short Title: State Drug Purchasing Program. (Public)

Sponsors: Senators Boseman; and Atwater.

Referred to: Rules and Operations of the Senate.

March 9, 2005

A BILL TO BE ENTITLED
AN ACT TO ESTABLISH THE STUDY COMMISSION ON MANAGING STATE
PRESCRIPTION DRUG COSTS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Commission established. – There is established the Study Commission on Managing State Prescription Drug Costs ("Commission").

SECTION 1.(b) Membership. – The Commission shall consist of 15 members, as follows:

(1) The General Assembly shall appoint six members recommended by the President Pro Tempore of the Senate, as follows:

- a. Three shall be members of the Senate.
- b. One shall be a licensed pharmacist employed by a community retail pharmacy.
- c. One shall represent a consumer organization representing the interests of consumers of prescription drugs.
- d. One shall represent an insurance company or health management organization that offers health care benefit plans that cover prescription drugs.

(2) The General Assembly shall appoint six members recommended by the Speaker of the House of Representatives, as follows:

- a. Three shall be members of the House of Representatives.
- b. One shall be a licensed primary care physician.
- c. One shall represent a consumer organization representing the interests of consumers of mental health, developmental disabilities, and substance abuse services.
- d. One shall be a representative of a prescription drug manufacturing company with substantial operations located in this State.

(3) The Secretary of Health and Human Services, or her designee.

1 (4) The Secretary of Corrections, or his designee.

2 (5) The Executive Administrator of the Teachers' and State Employees'
3 Comprehensive Major Medical Plan.

4 **SECTION 1.(c) Duties.** – The Commission shall study the feasibility of
5 establishing an Office for Prescription Drug Cost Management ("Office") in the
6 Department of Administration or other appropriate State agency to manage the cost of
7 prescription drugs incurred by State agencies and programs that cover or provide
8 prescription drugs. The responsibilities of the Office shall include negotiating
9 prescription drug price discounts with participating pharmaceutical manufacturers and
10 pharmacists for prescription drugs paid for, in whole or in part, with State funds. As
11 used in this section, "State agency" includes the Teachers' and State Employees'
12 Comprehensive Major Medical Plan. In conducting the study, the Commission shall
13 consider the following:

14 (1) The estimated amount that each State agency pays annually for
15 prescription drugs, including any discounts or rebates currently in
16 effect.

17 (2) Current contractual obligations of State agencies to pay for
18 prescription drug coverage or purchase.

19 (3) Incentives for prescription drug manufacturers and pharmacists to
20 participate in the State prescription drug cost management program.

21 (4) Formularies or other methods of containing prescription drug costs
22 currently in effect for State agencies and programs.

23 (5) Necessity for and feasibility of interfacing the implementation of the
24 prescription drug cost management program with information
25 management systems currently used by State agencies.

26 (6) Experiences of other states in attempting to control prescription drug
27 costs through multistate compacts, bulk purchasing, or negotiated
28 discounts.

29 (7) Timeline and funds needed for the establishment of the Office for
30 Prescription Drug Cost Management and implementation of a
31 prescription drug management program.

32 (8) Other matters the Commission deems necessary for its study.

33 **SECTION 1.(d) Reports.** – The Commission shall submit a final written
34 report of its findings and recommendations to the General Assembly not later than the
35 convening of the 2007 General Assembly. The Commission may submit a progress
36 report to the 2006 Regular Session of the 2005 General Assembly. The reports may
37 include legislative proposals necessary to implement the Commission's
38 recommendations and an analysis of the fiscal impact of each recommendation. The
39 Commission shall terminate upon the earlier of the filing of its final report or upon the
40 convening of the 2007 General Assembly.

41 **SECTION 1.(e) Expenses of members.** – Members of the Commission shall
42 be paid per diem, subsistence, and travel expenses, as follows:

43 (1) Commission members who are members of the General Assembly
44 shall be paid in accordance with G.S. 120-3.1.

1 (2) Commission members who are officials or employees of the State or
2 local government agencies shall be paid in accordance with
3 G.S. 138-6.

4 (3) All other Commission members shall be paid in accordance with
5 G.S. 138-5.

6 **SECTION 1.(f)** Cochairs; meetings. – The President Pro Tempore of the
7 Senate and the Speaker of the House of Representatives shall each appoint a cochair for
8 the Commission from their respective appointees. The Commission shall meet upon the
9 call of the cochairs. A majority of the Commission members shall constitute a quorum.
10 The Commission may meet during a regular or special session of the General Assembly,
11 subject to the approval of the President Pro Tempore of the Senate and the Speaker of
12 the House of Representatives. The Legislative Services Commission may provide
13 meeting space to the Commission in the State Legislative Building or in the Legislative
14 Office Building.

15 **SECTION 1.(g)** Staff. – With the prior approval of the Legislative Services
16 Commission, the Legislative Services Officer shall assign professional staff to assist in
17 the work of the Commission.

18 **SECTION 1.(h)** Cooperation by government agencies. – The Commission
19 may call upon any department, agency, institution, or officer of the State or any political
20 subdivision of the State for facilities, data, or other assistance. All State departments and
21 agencies, local governments, and their subdivisions shall cooperate with the
22 Commission and, upon request, shall furnish the Commission and its staff any
23 information in their possession or available to them.

24 **SECTION 2.** From funds appropriated to the General Assembly, the
25 Legislative Services Commission shall allocate funds for the expenses of the
26 Commission established by this act.

27 **SECTION 3.** This act becomes effective July 1, 2005.