

TESTIMONY OF SCOTT MILLER

Senate Bill 2140 – Diabetes Drug and Equipment Mandate

Good Morning, my name is Scott Miller. I am the Executive Director of the North Dakota Public Employees Retirement System, or NDPERS. I am here to testify in a neutral position regarding Senate Bill 2140.

This bill creates a mandate regarding health insurance plan coverage of diabetes drugs and supplies. Since it applies to the NDPERS plan first, it does appear to comply with the statutory requirement in NDCC section 54-03-28(3) that health insurance plan mandates first apply to NDPERS.

The primary components of the proposed bill that will have actuarial impacts on the PERS program are the \$25 limit on member cost-sharing for insulin and insulin supplies. The PERS plan requires members to pay a copay and coinsurance for insulin. Depending on the cost of the insulin prescribed and/or the cost of the supplies purchased, the member cost-share can exceed the proposed \$25 limit. Therefore, imposing this limit will shift cost from members to the plan.

Using 12 months of NDPERS claims data from September 2021 through August 2022, Sanford Health Plan estimated that a \$25 per month limit on member cost share would have shifted \$445,000 from the member to the uniform group insurance program in that period. Assuming prescription drug trend of 10% per year, the cost in the 2023-2025 biennium is estimated to be approximately \$1,000,000 (or 0.14% increase to the projected program cost).

Clinical outcomes associated with lowering member out-of-pocket costs on insulin drugs and medical supplies for insulin dosing and administration may have a favorable impact on the uniform group insurance program, but such effects are difficult to quantify. If insulin and supplies are more affordable, member adherence may increase and result in fewer adverse health effects that result in significant expenditures to the plan such as increased doctor and emergency department visits and prolonged hospitalization.

Because the federal government already provides a similar cost limit under Medicare Part D, we propose the amendment found on the next page to exclude the Medicare Part D plan from the SB 2140 limits.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2140

Page 2, line 31, replace “The” with “Except for Medicare part D prescription drug coverage, the”

Renumber accordingly.