

Testimony
House Bill No. 1454
House Industry, Business and Labor Committee
Representative Jonathan Warrey, Chairman
January 29, 2025

Chairman Warrey, and members of the House Industry, Business and Labor Committee, I am Sarah Aker, Executive Director of Medical Services with the Department of Health and Human Services (Department). I appear before you to provide testimony in opposition related to House Bill No. 1454.

As written, we have concerns that this bill would have significant impacts on the North Dakota Medicaid program.

In Medicaid, one of the key ways we control pharmacy costs is through the use of Step Therapy and a Preferred Drug List. Step therapy requires an individual to trial a specific medication(s) before moving to a more expensive brand name product. This allows us to direct Medicaid members to the most cost-effective medication for the state. This bill would prohibit us from using step therapy, as we are both asking individual to take and disclose their use of a specific medical product. We also use a preferred drug list to direct individuals to the most cost-effective medication for the state. In the last 4 years, the Department has saved approximately \$128 million from our pharmacy management practices. There is no database of manufacturers of medical products that have been exempted from liability for any death or serious injury caused by their medical product, so we would have no ability to implement this provision on a partial enforcement basis.

This bill would also potentially conflict with other federal regulations and areas of the Medicaid program including:

- Early, Periodic, Screening, Diagnosis and Training (EPSDT) provisions that require Medicaid programs to cover all medically necessary services for a child;
- Mandatory Medicaid benefits including laboratory and x-ray services as well as drugs delivered in hospital and physician settings;
- Value based agreements with drug manufacturers that require disclosure of the individuals who have received the drugs called out in the agreement; and
- Prescription Drug Monitoring Program (PDMP) functions that disclose use of certain medications which is required for Medicaid programs under the SUPPORT Act.

This bill would hamper our ability to operate a cost-effective Medicaid program and would directly conflict with federal regulations governing the Medicaid program.

This concludes my testimony. I am happy to answer any questions the committee may have. Thank you.