

Sixty-fifth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1403

Introduced by

Representatives Kasper, Rick C. Becker, Boehning, Headland, Keiser, Louser, Nathe, D. Ruby

Senators Anderson, Bekkedahl, Casper, O. Larsen

1 A BILL for an Act to create and enact a new section to chapter 54-52.1 of the North Dakota
2 Century Code, relating to public employee health benefits transparency;~~and to provide an~~
3 ~~exemption.~~

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1.** A new section to chapter 54-52.1 of the North Dakota Century Code is created
6 and enacted as follows:

7 **Health insurance benefits coverage - Prescription drug coverage - Transparency -**
8 **Audits - Confidentiality.**

9 1. If the prescription drug coverage component of ~~the~~a health insurance benefits
10 coverage contract received in response to a request for bids under section 54-52.1-04
11 utilizes the services of a pharmacy benefits manager, ~~the~~either contracted directly with
12 a pharmacy benefits manager or indirectly through the health insurer, in addition to the
13 factors set forth under section 54-52.1-04 the board shall consider and give preference
14 to an insurer's contract ~~with the board must include the following terms~~that:

15 a. ~~The insurer shall provide the board with a copy of the insurer's current contract~~
16 ~~with the pharmacy benefit management company and if the contract is revised or~~
17 ~~a new contract is entered, within thirty days of the change the insurer shall~~
18 ~~provide the board with the revision or new contract.~~Provides the board or the
19 board's auditor with a copy of the insurer's current contract with the pharmacy
20 benefit management company which controls the prescriptions drug coverage
21 offered as part of the health insurance benefits coverage, and if the contract is
22 revised or a new contract is entered, requires the insurer to provide the board
23 with the revision or new contract within thirty days of the change.

- 1 b. ~~The health insurer or pharmacy benefit manager shall provide with each invoice-~~
2 ~~statement and for each annual audit a complete set of electronic prescription-~~
3 ~~coverage claims data reflecting all submitted claims, including information fields-~~
4 ~~identified by the board.~~Provides the board with monthly claims data and
5 information on all programs being implemented or modified, including prior
6 authorization, step therapy, mandatory use of generic drugs, or quantity limits.
- 7 c. ~~The health insurer shall provide the board a list of all programs that will be-~~
8 ~~implemented or modified, including prior authorization programs, step therapy-~~
9 ~~programs, quality limit programs, and mandatory generic programs. The list must~~
10 ~~include the drugs in each program and the specifics about each drug.~~Describes
11 the extent to which the board may customize the benefit plan design, including
12 copayments, coinsurance, deductibles, and out of pocket limits; the drugs that
13 are covered; the formulary; and the member programs implemented.
- 14 d. (1) ~~The board may retain an auditor of the board's choice which is not a-~~
15 ~~competitor of the pharmacy benefit manager, a pharmaceutical-~~
16 ~~manufacturer representative, or any retail, mail, or specialty drug pharmacy-~~
17 ~~representative or vendor.~~
- 18 (2) ~~The board may conduct annual audits to verify the pharmacy benefit~~
19 ~~manager is satisfying the terms of its contract with the health insurer;-~~
20 ~~assess the costs resulting from the health insurer's contract with the~~
21 ~~pharmacy benefit manager and make recommendations as to amendments-~~
22 ~~in that contract which would decrease costs; and assess the programs-~~
23 ~~being implemented and make recommendations as to improvements in-~~
24 ~~those programs which would decrease cost or improve plan beneficiaries'-~~
25 ~~health care treatment.~~Describes the audit rights of the board.
- 26 2. The board may conduct annual audits to the extent permitted under the contract terms
27 agreed to under subsection 1. The audits must include:
- 28 a. A review of a complete set of electronic prescription coverage claims data
29 reflecting all submitted claims, including information fields identified by the board.
- 30 b. A review of a list of all programs that have been implemented or modified during
31 the audit period under subsection 1, and in connection with each program the

1 auditor shall report on the cost, the cost savings or avoidance, member
2 disruption, the process for and number of overrides or approvals and
3 disapprovals, and clinical outcomes.

4 c. Recommendations for proposed changes to the prescription drug benefit
5 programs to decrease costs and improve plan beneficiaries' health care
6 treatment.

7 2.3. Information provided to the board under the contract provisions required under this
8 section are confidential; however, the board may disclose the information to retained
9 experts and the information retains its confidential status in the possession of these
10 experts.

11 4. The board may retain an auditor of the board's choice which is not a competitor of the
12 pharmacy benefit manager, a pharmaceutical manufacturer representative, or any
13 retail, mail, or specialty drug pharmacy representative or vendor.

14 ~~SECTION 2. EXEMPTION. This Act is exempt from the jurisdiction of the employee benefits-~~
15 ~~programs committee under section 54-35-02.4.~~