

TESTIMONY OF SCOTT MILLER

Senate Bill 2183 – 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 2183.

This bill creates a mandate regarding health insurance plan coverage of diabetes drugs and supplies. This bill does not comply with the statutory requirement 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 and the restriction from use of a drug formulary to determine what types of insulin and supplies are covered under the plan.

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.

Drug formularies help to manage cost by allowing insurers and prescription benefit managers to negotiate favorable pricing and rebates from drug manufacturers. While formularies limit the drugs available, they include effective medications in all diagnostic classes. Restricting the use of a formulary for insulin coverage will result in the loss of rebates for the PERS program which will increase program cost. Below is the estimate of those increased costs.

Estimated Cost Impact on PERS 2020 Claims

Lost Member Cost Share	Lost Rebates	Total Dollar Impact	Percent Increase to PERS Premium
\$977,394	\$2,730,992	\$3,708,386	1.2%

Mr. Chairman, this concludes my testimony.