

FIRST ENGROSSMENT

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1539

Introduced by

Representatives Weisz, Lefor, M. Ruby, Vigesaa

(Approved by the Delayed Bills Committee)

A BILL for an Act to amend and reenact ~~sections~~ section 54-35-02.4 and ~~54-52.1-04.16~~ of the North Dakota Century Code, relating to duties of the employee benefits programs committee ~~and the public employees prescription drug coverage performance audit; to provide for a prescription drug coverage performance audit; and to provide for a legislative management report.~~

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-35-02.4 of the North Dakota Century Code is amended and reenacted as follows:

54-35-02.4. Employee benefits programs committee - Powers and duties.

1. ~~The~~ During each interim, the employee benefits programs committee shall consider and report on ~~these~~ the legislative measures and proposals over which ~~it~~ the committee takes jurisdiction and which ~~affect, actuarially or otherwise,~~ fiscally impact the retirement programs of state employees or employees of any political subdivision, and health and retiree health plans of state employees or employees of any political subdivision. ~~A majority of the members of the committee, acting through the chairman, has sole authority to determine whether a legislative proposal affects a program.~~ The committee shall make a thorough review of ~~any measure or each~~ proposal which ~~it~~ the committee takes under its jurisdiction, including an actuarial review ~~report~~. The committee shall take jurisdiction over ~~any measure or a~~ proposal that authorizes an automatic increase or other change in benefits beyond the ensuing biennium which would not require legislative approval. The committee ~~must~~ shall include in the report of the committee a statement that the proposal would allow future changes without legislative involvement. The committee shall report ~~its~~ the findings and

- 1 recommendations of the committee, along with any necessary legislation, to the
2 legislative management and to the legislative assembly.
- 3 2. To carry out ~~its~~the responsibilities of the committee, the committee, or ~~its~~the designee
4 of the committee, may:
- 5 a. Enter contracts, including retainer agreements, with an actuary or actuarial firm
6 for expert assistance and consultation. Each retirement, insurance, or retiree
7 insurance program shall pay, from ~~its~~the program's retirement, insurance, or
8 retiree health benefits fund, as appropriate, and without the need for a prior
9 appropriation, the cost of ~~any~~an actuarial report required ~~by the committee under~~
10 this section which relates to that program.
- 11 b. Call on personnel from state agencies or political subdivisions to furnish such
12 information and render such assistance as the committee ~~may~~ from time to time
13 may request.
- 14 c. Establish rules for ~~its~~the operation of the committee, including the submission
15 and review of proposals and the establishing of standards for actuarial
16 review reports.
- 17 3. The committee may solicit draft measures and proposals from interested persons
18 during the interim between legislative sessions, and ~~may also~~ may study measures
19 and proposals referred to ~~it~~the committee by the legislative assembly or the legislative
20 management.
- 21 4. A copy of the committee's report concerning ~~any~~a legislative measure shall, if that
22 measure is introduced for consideration by a legislative assembly, must be appended
23 to the copy of that measure ~~which is referred to a standing committee~~.
- 24 5. ~~A~~If a legislative measure affecting a public employees retirement program, public
25 employees health insurance program, or public employee retiree health insurance
26 program ~~may not be~~is introduced in either house ~~unless it is accompanied by~~without a
27 report from the committee, the chairman and vice chairman of the employee benefits
28 programs committee shall request an actuarial report from the program affected and
29 shall provide the report to the standing committee to which the measure is referred. A
30 majority of the members of the committee, acting through theDuring the legislative
31 session, the employee benefits programs committee chairman, has and vice

- 1 chairman, working together, have sole authority to determine whether any legislative
2 measure or amendment affects a program under this subsection and subsection 6.
- 3 6. ~~Any~~During a legislative session, if an amendment is made during a legislative session
4 to a legislative measure affecting which affects fiscally impacts a public employees
5 retirement program, public employees health insurance program, or public employee
6 retiree health insurance program may not be considered by a standing committee
7 unless it is accompanied by a report from, the employee benefits programs committee
8 chairman and vice chairman may shall request from the affected program an actuarial
9 report on the amendment and shall provide the report to the standing committee to
10 which the bill is referred.
- 11 7. ~~Any legislation~~Legislation enacted in contravention of this section is invalid and of no
12 ~~force and effect, and any benefits provided under such the~~ legislation must be reduced
13 to the level current prior to before enactment of the legislation.

14 **~~SECTION 2. AMENDMENT.~~** ~~Section 54-52.1-04.16 of the North Dakota Century Code is~~
15 ~~amended and reenacted as follows:~~

16 ~~**54-52.1-04.16. Prescription drug coverage -- Performance audits.**~~

- 17 ~~1. Except for Medicare part D, prescription drug coverage, the board may not enter or~~
18 ~~renew a contract for prescription drug coverage, whether contracting directly with a~~
19 ~~pharmacy benefits manager, providing prescription drug coverage through a~~
20 ~~self-insurance plan, or contracting with a carrier, unless the contract authorizes the~~
21 ~~board during for the term of the contract to conduct a performance audit of the~~
22 ~~prescription drug coverage and any related pharmacy benefits management services.~~
23 ~~For each contract for prescription drug coverage, the board shall conduct a~~
24 ~~performance audit under this section. The contract must provide:~~
- 25 ~~a. The board must have full access to data regarding:~~
- 26 ~~(1) The total dollars paid to the pharmacy benefits manager by the carrier and~~
27 ~~from all other sources under the contract with the carrier and the board;~~
- 28 ~~(2) The total amount of dollars paid to the pharmacy benefits manager by the~~
29 ~~carrier which were not subsequently paid to a licensed pharmacy in the~~
30 ~~state; and~~
- 31 ~~(3) Payments made to all pharmacy providers.~~

- 1 ~~b. The board must have full access to data regarding the average reimbursement,~~
2 ~~by drug ingredient cost, dispensing fee, administration fee, and any other fee~~
3 ~~paid by a pharmacy benefits manager to licensed pharmacies with which the~~
4 ~~pharmacy benefits manager shares common ownership or control or is affiliated.~~
- 5 ~~c. The board must have full access to data regarding the average reimbursement,~~
6 ~~by drug ingredient cost, dispensing fee, administration fee, and any other fee~~
7 ~~paid by a pharmacy benefits manager to pharmacies licensed in the state.~~
- 8 ~~d. The board must have full access to data regarding any direct and indirect fees,~~
9 ~~charges, or recoupment, or any kind of assessments, effective rates, or other~~
10 ~~price concessions imposed by the pharmacy benefits manager on pharmacies~~
11 ~~licensed with which the pharmacy benefits manager shares common ownership~~
12 ~~or control or is affiliated.~~
- 13 ~~e. The board must have full access to data regarding any direct and indirect fees,~~
14 ~~charges, or recoupment, or any kind of assessments, effective rates, or other~~
15 ~~price concessions imposed by the pharmacy benefits manager, on pharmacies~~
16 ~~licensed in the state.~~
- 17 ~~f. The contract must provide that That all drug rebates, financial incentives, fees,~~
18 ~~and discounts, from all sources, must be disclosed to the board.~~
- 19 ~~g. The board must have full access to data to determine whether spread pricing~~
20 ~~occurs, and if spread pricing occurs, full access to data regarding the spread~~
21 ~~pricing.~~
- 22 ~~h. The board must have full access to the contract and any subcontract by the~~
23 ~~carrier and the pharmacy benefits manager or other entity regarding the plan~~
24 ~~members.~~
- 25 ~~i. The board must have access to all documents necessary for the board to~~
26 ~~conduct the performance audit under this section.~~
- 27 ~~j. That failure to comply with the terms of the contract relating to access to data is a~~
28 ~~breach of the contract with the board. Upon a finding of breach of contract under~~
29 ~~this subdivision, the board is entitled to liquidated damages in the amount of~~
30 ~~twenty thousand dollars per violation.~~