

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

S

1

SENATE BILL 202

Short Title: GPAC/Medicaid Drug-Purchasing.

(Public)

---

Sponsors: Senators Martin of Guilford; and Blackmon.

---

Referred to: Government Performance Audit.

---

February 17, 1993

A BILL TO BE ENTITLED

1 AN ACT TO IMPLEMENT A RECOMMENDATION OF THE GOVERNMENT  
2 PERFORMANCE AUDIT COMMITTEE TO IMPLEMENT ALTERNATIVE  
3 MEDICAID PURCHASING APPROACHES FOR PRESCRIPTION DRUGS.

4 The General Assembly of North Carolina enacts:

5 Section 1. The General Assembly finds that North Carolina Medicaid  
6 expenditures per prescription are among the highest in the country, that, in 1990, they  
7 were nearly three dollars (\$3.00) higher than the national average, and that the growth in  
8 expenditure is due to increases in the number of prescriptions as well as increases in the  
9 cost per prescription. The General Assembly further finds that North Carolina has  
10 implemented other prescription drug cost containment strategies, including a six  
11 prescription limit per month and a copayment amount of one dollar (\$1.00) per  
12 prescription.

13 Sec. 2. Effective July 1, 1994, the Division of Medical Assistance,  
14 Department of Human Resources, shall implement alternative purchasing approaches  
15 for Medicaid prescription drugs. In developing these approaches, the Division shall  
16 consider:

- 17 (1) Purchasing maintenance-level medications through mail order  
18 pharmacies or community pharmacies and involving local pharmacists  
19 in managing this program, as the core of this managed drug plan is a  
20 trial therapy period that limits the supply of the drug during its initial  
21 period of use in order to ensure that the drug is tolerated and effective  
22 before a maintenance supply is dispensed;  
23

- 1           (2)    Developing a State network to supply the maintenance drug or
- 2                    contracting with existing networks currently providing services in the
- 3                    State;
- 4           (3)    Acquiring the necessary freedom-of-choice waiver, because recipients
- 5                    would not be able to obtain services from all pharmacists, but only
- 6                    from those who agree to supply the maintenance-level drugs at an
- 7                    agreed upon, discounted price;
- 8           (4)    Working closely with the Health Care Financing Administration;
- 9           (5)    Making sure that certain portions of the State are not excluded from
- 10                   the program because of the lack of presence of competing community
- 11                   pharmacies;
- 12           (6)    Making sure that recipients are not excluded because they do not have
- 13                   regular mailing addresses; and
- 14           (7)    Continuing current dispensing procedures with local pharmacists to
- 15                   assure availability of nonmaintenance prescription drugs.

16           Sec. 3. There is appropriated from the General Fund to the Division of  
 17 Medical Assistance, Department of Human Resources, the sum of one hundred twenty-  
 18 five thousand dollars (\$125,000) for the 1993-94 fiscal year, for administrative costs  
 19 incurred in implementing this act.

20           Sec. 4. The base budget of the Division of Medical Assistance, Department of  
 21 Human Resources, is reduced by one million five hundred thousand dollars  
 22 (\$1,500,000) for the 1994-95 fiscal year due to the implementation of this act.

23           Sec. 5. It is the intent of the General Assembly to reduce the base budget of  
 24 the Division of Medical Assistance, Department of Human Resources, in subsequent  
 25 fiscal years due to the implementation of this act, according to the following schedule:

27           Fiscal Year	Amount
28           1995-96	\$1,600,000
29           1996-97	\$1,700,000
30           1997-98	\$1,800,000
31           1998-99	\$2,000,000
32           1999-00	\$2,100,000
33           2000-01	\$2,200,000
34           2001-02	\$2,400,000.

35           Sec. 6. This act becomes effective July 1, 1993.