

**FIRST ENGROSSMENT
with Senate Amendments
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.

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

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

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

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

- 14 a. Provides the board or the board's auditor with a copy of the insurer's current
15 contract with the pharmacy benefit management company which controls the
16 prescriptions drug coverage offered as part of the health insurance benefits
17 coverage, and if the contract is revised or a new contract is entered, requires the
18 insurer to provide the board with the revision or new contract within thirty days of
19 the change.
- 20 b. Provides the board with monthly claims data and information on all programs
21 being implemented or modified, including prior authorization, step therapy,
22 mandatory use of generic drugs, or quantity limits.

- 1 c. Describes the extent to which the board may customize the benefit plan design,
2 including copayments, coinsurance, deductibles, and out of pocket limits; the
3 drugs that are covered; the formulary; and the member programs implemented.
4 d. Describes the audit rights of the board.
5 2. The board may conduct annual audits to the extent permitted under the contract terms
6 agreed to under subsection 1. The audits must include:
7 a. A review of a complete set of electronic prescription coverage claims data
8 reflecting all submitted claims, including information fields identified by the board.
9 b. A review of a list of all programs that have been implemented or modified during
10 the audit period under subsection 1, and in connection with each program the
11 auditor shall report on the cost, the cost savings or avoidance, member
12 disruption, the process for and number of overrides or approvals and
13 disapprovals, and clinical outcomes.
14 c. Recommendations for proposed changes to the prescription drug benefit
15 programs to decrease costs and improve plan beneficiaries' health care
16 treatment.
17 3. Information provided to the board under the contract provisions required under this
18 section are confidential; however, the board may disclose the information to retained
19 experts and the information retains its confidential status in the possession of these
20 experts.
21 4. The board may retain an auditor of the board's choice which is not a competitor of the
22 pharmacy benefit manager, a pharmaceutical manufacturer representative, or any
23 retail, mail, or specialty drug pharmacy representative or vendor.