

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1430

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Ja Costa Richardson
Operator's Signature

10/6/03
Date

2003 HOUSE HUMAN SERVICES

HB 1430

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yolanda Rickford
Operator's Signature

10/16/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1430

House Human Services Committee

Conference Committee

Hearing Date January 29, 2003

| Tape Number | Side A | Side B | Meter # |
|---|--------|--------|-------------|
| 1 | x | | 41.0 - 61.7 |
| | | x | 0.0 - 42.1 |
| Committee Clerk Signature <i>Sharon Renshaw</i> | | | |

Minutes:

Rep. Devlin appeared as prime sponsor with written testimony.

Cal Rolfson, Legal Counsel for PHRMA appeared in support with written testimony and will propose or work with amendments.

Rep. Amerman regarding the makeup of the board, will these members be voting on different things and are they from within ND or out of state? Answer: yes, they would be the experts in those areas and feels it would be someone within ND.

Rep. Sandvig: What extra paper work is this going to be for the providers, doctors, hospitals, clinics, etc. for prior authorization. Answer: Believes there would be little or no difference in the work involved.

Rep. Wieland: Who specifically serves on the board. Answer: 3 or 4 physicians, & 3 or 4 pharmacists and not sure who else., Mr. Zentner should be able to answer.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Loiseta Rickford
Operator's Signature

10/16/03
Date

Page 2

House Human Services Committee

Bill/Resolution Number HB 1430

Hearing Date January 29, 2003

Rep. Porter: Section 8 & 9 that directly go to district court, is there any reason why we bypass the administrative hearing process first and go right to the court? Answer: It was just a selection that was made, I have no objection to modifying that process to go through the administrative agencies practice act and then to the district court.

David Zentner, Dept. of H.S. appeared in opposition with written testimony and hand out.

Rep. Sandvig asked to explain prior authorization. Answer: now the Dept. has no prior authorization for drugs.

Rep. Niemeier: how are these savings achieved through prior authorization? Answer: 3 tiered process, generic drugs, brand name drugs and non-formulated.

Rep. Weisz: why the new board couldn't essentially take the formularies that have already been established, through PERS or whatever.

Brandon Joyce, Pharmacist on the Board with Dept. of H.S. - explained the process

Rep. Sandvig: how many other states have a formulary list? Answer: we don't, but 46 states have prior authorization lists.

Rep. Potter: The bill suggests 2 bids, any problem with combining them? Answer: Could

Rep. Potter: This bill suggests 3 physicians, 3 pharmacists, 1 from the medical assistance and 1 representing the pharmaceutical company, would you have trouble with this? Answer: would like to have enough to be competent and cross-section of information.

Galen Jordre appeared in opposition, opposing the part on section 4 (approval of patient). This troubles me because if you would read this on the face, that would mean that the prescription could not be changed even if there were clear evidence of something unless the patient would approve in addition to the physician and pharmacists.

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1430

House Human Services Committee

Conference Committee

Hearing Date February 5, 2003

| Tape Number | Side A | Side B | Meter # |
|---|--------|--------|-------------|
| 2 x | | | 10.7 - 44.7 |
| | | | |
| | | | |
| Committee Clerk Signature <i>Sharon Raygrai</i> | | | |

Minutes: Committee Work

Cal Rolfson, Pharma appeared to explain the amendments and stated that SB 2088 failed in the Senate.

Rep. Niemeier questioned what the members would be paid. Answer: \$50 per day plus mileage.

Rep. Devlin had concerns with Subsection 3

Rep. Weisz wanted a definition of priority review and what it means to have a drug under that.

Answer by Cal Rolfson: it is a special classification. There are a special classifications of Drugs called Priority Review, they are special drugs with increased importance for health and life and may be aged drugs, they may be hepatitis drugs that have a priority for life threatening issues rather than something less important. Those are so important they should not be tweaked by the Dept.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yolanda Richardson
Operator's Signature

10/16/03
Date

Page 2

House Human Services Committee

Bill/Resolution Number HB 1430

Hearing Date February 5, 2003

Rep. Porter was wondering about the savings it brings to the state and if this should be declared an emergency to bring into effect before August 1st.

Answer: Dr. Joyce believes that it will take a half a year to get this committee organized. They are having problems with getting Dr.'s to show up at DUR Board meetings. We would not object to the emergency clause but isn't necessary.

Rep. Sandvig asked if there wasn't a DUR Board that already existed and couldn't we use that one.

Answer: There was a suggestion by Dr. Joyce that they use the BCBS Formulary as a guide.

Rep. Devlin made motion to move the amendments with adding emergency clause presented by Cal Rolfson and also delete lines 25 through 29 on Page 8, changes on Page 5 to change 11 to 8 and Section 8, add reasonable, second by Rep. Porter.

Rep Price stated it seemed like we were created a whole another board and how come 46 other states are using a preferred drug list, aren't they doing something right? Isn't there something we can learn from them?

Answer: Cal Rolfson responded by stated that there are 46 states that have prior drug lists, that is not correct, they have prior authorization. Only 5 states have preferred drug lists and all 5 of those have been sued because of it.

VOTE: 13 - 0 - 0 Amendments Passed

Rep. Devlin made a motion for DO PASS as AMENDED and refer to Appropriations if needed, second by Rep. Weisz. 12 - 1 - 0 Rep. Devlin to carry the bill.

FISCAL NOTE
 Requested by Legislative Council
 03/28/2003

Amendment to: HB 1430

1A. **State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

| | 2001-2003 Biennium | | 2003-2005 Biennium | | 2005-2007 Biennium | |
|----------------|--------------------|-------------|--------------------|---------------|--------------------|---------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | \$0 | \$0 | \$0 | (\$2,222,991) | \$0 | (\$3,483,528) |
| Expenditures | \$0 | \$0 | (\$772,570) | (\$2,222,991) | (\$1,400,269) | (\$3,483,528) |
| Appropriations | \$0 | \$0 | \$227,430 | \$710,904 | \$0 | \$0 |

1B. **County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

| 2001-2003 Biennium | | | 2003-2005 Biennium | | | 2005-2007 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| | | | | | | | | |

2. **Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

This bill would establish a medical assistance drug review program and drug prior authorization program within the Department of Human Services. It would create a separate board to review and recommend what classes of drugs would require prior authorization.

The executive budget included funding for a prior authorization program beginning July 1, 2003 which would utilize an outside contractor. Creating a program within the Department instead would delay implementation of the program to approximately January 1, 2004, thereby reducing prescription drug savings in the 2003-2005 biennium. Because of this, an additional \$938,334 appropriations would be required, of which \$227,430 would be general funds.

If the amendments proposed to SB 2012 by the House Human Resources Appropriation Committee are adopted relating to HB 1430 an additional \$1,000,000 in general funds, which "is not" reflected in the numbers above would need to be added to the Department's appropriation.

3. **State fiscal effect detail:** For information shown under state fiscal effect in 1A, please:

A. **Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

The reduction in other revenues relates to federal medicaid funds.

B. **Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

For 2003-2005, grant expenditures for prescription drugs would be decreased by \$4,037,921 of which \$1,293,750 would be general funds. This savings would be offset by an increase in operating expenditures from creating and operating a utilization review board and from contracting for prior authorization services. Operating expenditures would increase by \$1,042,360 of which \$521,180 would be general funds.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive

Solista Richardson
 Operator's Signature

10/6/03
 Date

budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

The Executive Budget includes savings of \$3,933,895 of which \$1,000,000 is general funds for prior authorization. Passage of this bill would require an increase in appropriations for 2003-05 of \$938,334 of which \$227,430 would be general funds.

If the amendments proposed to SB 2012 by the House Human Resources Appropriation Committee are adopted relating to HB 1430 an additional \$1,000,000 in general funds, which "is not" reflected in the numbers above would need to be added to the Department's appropriation.

| | | | |
|---------------|-----------------|----------------|----------------|
| Name: | Debra McDermott | Agency: | Human Services |
| Phone Number: | 328-3695 | Date Prepared: | 03/28/2003 |

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

La Costa Rickford
Operator's Signature

10/16/03
Date

