



This Bill Analysis reflects the contents of the bill as it was presented in committee.

# HOUSE BILL 20: Reegan's Rule/Childhood Diabetes Education

2015-2016 General Assembly

<b>Committee:</b>	Senate Health Care	<b>Date:</b>	July 21, 2015
<b>Introduced by:</b>	Rep. C. Graham	<b>Prepared by:</b>	Jennifer Mundt
<b>Analysis of:</b>	PCS to Third Edition H20-CSTY-2		Augustus Willis Committee Staff

**SUMMARY:** *The Proposed Committee Substitute (PCS) for House Bill 20 would: (i) encourage parent education during well-child visits at specific age intervals regarding Type I diabetes and (ii) subject Pharmacy Benefits Managers to the same civil penalties and restitution provisions as other persons subject to licensure or certification under Chapter 58 of the General Statutes.*

[As introduced, this bill was identical to S27, as introduced by Sen. Smith, which is currently in Senate Health Care.]

### CURRENT LAW and BILL ANALYSIS:

**Section 1:** Encourages each physician, physician’s assistant, or certified nurse practitioner who provides well-child care to educate and discuss the warning signs of Type I diabetes and symptoms with the parents of each child under their care at birth, and at yearly intervals until the age of five.

Pharmacy Benefits Managers (PBMs) process prescriptions for groups that pay for drugs, such as insurance companies or corporations, by acting as an intermediary between the payor and other members of the health system. Currently, pursuant to G.S. 58-56A, PBMs may place a particular drug on a "Maximum Allowable Cost" (MAC) price list, provided the drug meets certain criteria. Once a PBM places a drug on a MAC list, it is required to conduct a review of the MAC prices for potential removal or modification at least once every seven business days and, if necessary, modify the MAC price of the drug or remove it from the MAC price list within seven business days of the review.

**Section 2:** Rewrites G.S. 58-2-70 in order to specifically include PBMs within the list of persons to whom civil penalties apply for violations of Chapter 58 (Insurance). A PBM who fails to review its MAC price list and make the necessary modifications or removal within the seven business day time period mandated by state law would be subject to the same penalties as any person subject to licensure under Chapter 58, including:

- a monetary penalty at the discretion of the Commissioner of Insurance (Commissioner) in an amount of between \$100 and \$1,000 per violation; and/or
- restitution in an amount that would make whole any person harmed by the violation if ordered by the Superior Court of Wake County after petition by the Commissioner.

It also gives the Commissioner discretion to impose an additional monetary penalty of up to \$1,000 for each prescription found to have been improperly reimbursed as a result of a PBM's failure to comply with its duty to review and modify drugs on its MAC price list.

**EFFECTIVE DATE:** Section 1 becomes effective October 1, 2015. Section 2 is effective when this act becomes law.

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