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GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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SENATE BILL DRS15293-MM-70

Short Title:	Prescription Drug Pricing.	(Public)
Sponsors:	Senators Mohammed, Smith, and Van Duyn (Primary Sponsors).	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO PROMOTE PRESCRIPTION DRUG PRICE TRANSPARENCY.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 66 of the General Statutes is amended by adding a new Article to read:

"Article 48.

"Prescription Drug Transparency.

"**§ 66-460. Title.**

This Article shall be entitled "The Prescription Drug Transparency Act."

"**§ 66-461. Definitions.**

As used in this Article, the following shall mean:

(1) Interested parties. – State agencies that purchase prescription drugs or have employees who are prescribers, health insurance companies, health care service plan providers, and pharmacy benefit managers.

(2) Manufacturer. – An entity engaged in producing, preparing, propagating, compounding, processing, packaging, repackaging, or labeling a brand-name or generic drug, but does not include an entity that is engaged in the preparation and dispensing of a brand-name or generic drug pursuant to a prescription.

(3) Prescriber. – Any person authorized by State law to issue a prescription order.

(4) Prescription drug. – As defined in G.S 90-85.3(s).

(5) Prescription order. – As defined in G.S. 90-85.3(t)

(6) Secretary. – The Secretary of the North Carolina Department of Health and Human Services.

(7) Substantial price increase. – Any increase in the price charged by a manufacturer for a prescription drug that would have the impact of increasing a drug's cost by ten percent (10%) or more over 12 months.

"**§ 66-462. Required notifications and disclosures.**

(a) Price Increases. – A manufacturer shall notify all interested parties of an upcoming substantial price increase at least 60 days prior to the increase. Within 30 days of the notification required under this subsection, the manufacturer shall disclose the following to all interested parties:

(1) A justification for the proposed price increase. The manufacturer may limit the information in the justification to that which is publicly available.

(2) The previous year's marketing budget for the drug.

(3) The date and price of acquisition if the drug was not developed by the manufacturer.

(4) A schedule of price increases for the drug for the previous five years.

(b) New Products. – A manufacturer shall notify all interested parties of the price of any new prescription drug within three days after the manufacturer receives approval by the U.S. Food and Drug Administration. Within 30 days of the notification required under this subsection, the manufacturer shall disclose the following to all interested parties:

(1) A justification for the price. The manufacturer may limit the contents of the justification to publicly available information.

(2) The expected marketing budget for the drug.

(3) The date and price of acquisition if the drug was not developed by the manufacturer.

(c) Risk of Dependency. – If a manufacturer or an agent of the manufacturer meets or otherwise communicates with a prescriber for the purpose of marketing a prescription drug, the manufacturer or the manufacturer's agent shall disclose to the prescriber if any ingredient in the prescription drug it is marketing is known to pose a risk of dependency in humans.

"**§ 66-463. Penalty for failure to report.**

A manufacturer that fails to report the information required under G.S. 66-462(a) and (b) shall be fined by the Secretary the sum of one thousand dollars ($1,000) each day until the manufacturer submits the required information.

"**§ 66-464. No price limitations.**

Nothing in this Article shall be construed as a limitation upon the ability of a manufacturer to charge any price for a prescription drug permitted by law.

"**§ 66-465. Report and data collection by the Secretary; public portal.**

(a) Plan for Implementation. – The Secretary shall develop a plan to collect data from manufacturers related to the cost and pricing of prescription drugs in order to provide transparency in and accountability for prescription drug pricing. The Secretary shall consult with other state and national agencies and organizations to determine how to institute such data collection. The Secretary shall submit a plan regarding how to implement these requirements as well as any findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services by February 1, 2020.

(b) Public Portal. – The Secretary shall also implement an online portal to provide the public with electronic access to the notifications, reports, and other disclosures required by this Article.

(c) Annual Report. – Beginning December 1, 2020, and annually thereafter, the Secretary shall report to the Joint Legislative Oversight Committee on Health and Human Services the following information about prescription drugs:

(1) The 25 most frequently prescribed drugs in the State.

(2) The 25 costliest drugs as determined by the total amount spent on those drugs in the State.

(3) The 25 prescription drugs with the highest year-over-year cost increases as determined by the total amount spent on those drugs in the State."

SECTION 2. This act becomes effective October 1, 2019.