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FILED IN 2000
SOUTH CAROLINA

WEST VIRGINIA LEGISLATURE

SECOND REGULAR SESSION, 2000



ENROLLED

House Bill No. 4800

(By Delegates Michael, Leach, Doyle,
Kelley, Facemyer and Border)



Passed March 11, 2000

In Effect from Passage

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ENROLLED

H. B. 4800

(BY DELEGATES MICHAEL, LEACH, DOYLE,
KELLEY, FACEMYER AND BORDER)

[Passed March 11, 2000; in effect from passage.]

AN ACT to amend article sixteen, chapter five of the code of West Virginia, one thousand nine hundred thirty-one, as amended, by adding thereto a new section, designated section seven-a; and to amend and reenact section twenty-five of said article, all relating generally to the public employees insurance agency; establishing a new prescription drug program within the public employees insurance agency; requiring the executive director to appoint an advisory committee; setting forth guidelines for the new program; authorizing contract amendments; requiring reporting; and changing reserve fund to require specific percentages.

Be it enacted by the Legislature of West Virginia:

That article sixteen, chapter five of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended by adding thereto a new section, designated section seven-a; and that section twenty-five of said article be amended and reenacted, all to read as follows:

ARTICLE 16. WEST VIRGINIA PUBLIC EMPLOYEES INSURANCE ACT.**§5-16-7a. Prescription benefit program.**

1 (a) *Findings*—The Legislature finds that the rapidly rising
2 cost of prescription drugs places an undue financial burden on
3 the state of West Virginia, the payors, and the consumers of
4 prescription drugs. The Legislature further finds that those
5 rising costs are related to the following factors:

6 (1) National pharmaceutical trends reflecting that prescrip-
7 tion spending has doubled in the past eight years from forty-
8 nine billion dollars per year to an estimated one hundred
9 nineteen billion dollars in the year two thousand. This trend
10 reflects successes in drug therapy research, drug effectiveness,
11 and an overall improvement in the quality of life. However, the
12 trend also signals an increase in drug cost and utilization, which
13 impacts all West Virginians directly or indirectly;

14 (2) The aging of our state population and increased life
15 expectancy of our citizens have a significant impact on the
16 rising cost and utilization of prescription drugs in West Vir-
17 ginia. When these factors are combined with the escalating
18 number of drug-related preventative treatments, increased
19 product development, and growing consumerism in the pre-
20 scription drug market, many West Virginians are forced to
21 utilize an increasing portion of their income to maintain their
22 physical and mental health;

23 (3) Four decades ago, more than ninety percent of drug
24 costs were paid by consumers. Now, more than half the cost of
25 prescription drugs are supplemented by governmental and
26 private health insurance, thus removing usual market forces that
27 serve to control costs. This poses a substantial burden on the
28 taxpayers of West Virginia to support the state's health benefit
29 programs, as well as their own; and

30 (4) Despite the data reflecting a substantial percentage
31 decrease in physician and hospital expenses, the number of

32 drugs reaching the billion dollar sales mark has doubled since
33 1994, which contributes to the overall increase in health care
34 expenditures in the United States.

35 (b) *Advisory committee*—The executive director of the
36 public employees insurance agency shall appoint an advisory
37 committee of six persons to assist in the development of a
38 rational and equitable prescription benefit program. The
39 advisory committee is to be composed of physicians represent-
40 ing specialists and primary care practices, pharmacists, includ-
41 ing clinical pharmacists and a representative of the vendor for
42 the prescription benefit program. The executive director shall
43 serve as the chairperson. The advisory committee shall meet
44 routinely, upon the call of the chairperson. The advisory
45 committee may form any number of ad hoc committees,
46 representing expertise in the particular area of study for that ad
47 hoc committee, to assist with the development and implementa-
48 tion of the prescription benefit program authorized by this
49 section.

50 (c) *Program design*—The advisory committee shall design
51 a prescription drug strategy statement to guide all decisions
52 made by the advisory committee. The strategy statement shall
53 reflect consideration of the goals of a prescription benefit
54 program, the needs of the various populations served and the
55 overall value to the state of these expenditures. In developing
56 the prescription benefit program, the committee shall focus on
57 specific disease states or conditions, the appropriate pharma-
58 ceutical management or treatment of those disease states or
59 conditions, and prioritize that information for purposes of
60 establishing the appropriate level of third party coverage, giving
61 consideration to the appropriate priority given to coverage for
62 life-saving, life enhancing, life lengthening, life style and
63 cosmetic drugs. In determining the levels of third party cover-
64 age, the advisory committee may continue to separate generic
65 prescription drugs from the brand name prescription drugs.

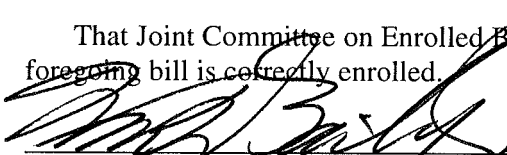
66 (d) *Development and Revisions*—The advisory committee
67 shall develop and submit the prescription benefit program to the
68 agency no later than the first day of July, two thousand one. The
69 advisory committee shall continuously evaluate the prescription
70 benefit program and make necessary revisions to maintain
71 conformity with the goals of the prescription benefit program,
72 which are to be (1) responsive to the needs of the employees
73 insured by the program, and (2) fiscally accountable to the
74 taxpayers of the state of West Virginia.


75 (e) *Contracts*—After receiving and reviewing the prescrip-
76 tion benefit program, the executive director may amend any
77 existing prescription benefit program contract, or enter into a
78 separate contract, to establish the prescription benefit program
79 authorized in this section: *Provided*, That for a new contract,
80 the provisions of section nine of this article apply.

§5-16-25. Reserve fund.

1 Upon the effective date of this section, the finance board
2 shall establish and maintain a reserve fund for the purposes of
3 offsetting unanticipated claim losses in any fiscal year. Begin-
4 ning with the fiscal year two thousand two plan and for each
5 succeeding fiscal year plan, the finance board shall transfer ten
6 percent of the projected total plan costs for that year into the
7 reserve fund, which is to be certified by the actuary and
8 included in the final, approved financial plan submitted to the
9 governor and Legislature in accordance with the provisions of
10 this article. Any moneys saved in a plan year shall be trans-
11 ferred into the reserve fund. At the close of any fiscal year in
12 which the balance in the reserve fund exceeds the recommended
13 reserve amount by fifteen percent, the executive director shall
14 transfer that amount to the fund established in section fourteen-
15 a, article two, chapter five-a of this code for appropriation by
16 the Legislature.


That Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

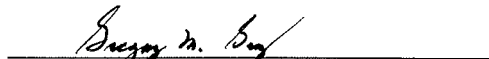

Chairman Senate Committee

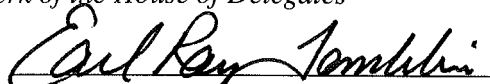

Chairman House Committee

Originating in the House.

In effect from passage

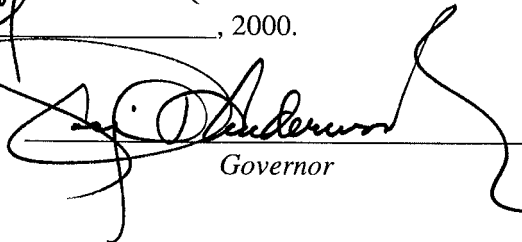

Clerk of the Senate


Clerk of the House of Delegates


President of the Senate


Speaker of the House of Delegates

The within approved this the 3rd
day of April, 2000.


Governor

PRESENTED TO THE

GOVERNOR

Date 3/29/00

Time 3:30 pm