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**NCOIL ADOPTS MODEL LAW TO REIN IN REPACKAGED DRUG PRICING**

**Washington, DC, March 10, 2013**—Legislators at the NCOIL Spring Meeting here, responding to concerns over rising costs in state workers' compensation markets, adopted a model law to rein in excessive prices of physician-dispensed repackaged drugs. Passage of the model reflects lawmakers' conviction that states can no longer wait for guidance on the issue. But recognizing that there are many pieces to the repackaged pharmaceutical puzzle, legislators agreed to consider amendments at the July Summer Meeting that would broaden the model's scope.

The *Model Act on Workers' Compensation Repackaged Pharmaceutical Reimbursements Rates*—co-sponsored for discussion by NCOIL President Rep. Charles Curtiss (TN) and by Workers' Compensation Insurance Committee Chair Rep. Bill Botzow (VT)—ties reimbursement for repackaged drugs to an original manufacturer's average wholesale price (AWP). According to Rep. Curtiss:

Workers' comp insurance costs are a major concern for state legislators, and anything we can do to lower those expenses while ensuring that injured employees receive fair coverage is something we should consider. As our NCOIL discussions unfolded, it became clear that doctor-dispensed repackaged drugs are a problem and that states need guidance now.

"Getting our model to legislatures this session," Rep. Botzow added, "means that NCOIL can immediately give states a good foundation for reworking their rules and regulations. The amendments we'll look at in July will make the model even better and will bring state house debates to an even more advanced level."

As adopted, the NCOIL model law requires:

- all pharmaceutical bills submitted for repackaged drugs to include the National Drug Code (NDC) number of the original manufacturer, or the authorized distributor's stock package used in the repackaging process
- reimbursement based on the AWP of the product, calculated on a per unit basis
- reimbursement based on the AWP of the lowest priced therapeutically equivalent drug if the original manufacturer's NDC number is not available to a physician when he/she submits for reimbursement
- payment of state filing fees as applicable

The proposed amendments anticipated in July are expected to address the repackaging of over-the-counter products, as well as what happens when an original manufacturer's NDC number is not available to a dispensing physician.

The Workers' Comp Insurance Committee adopted the model unanimously on March 9, followed by the Executive Committee on March 10. The language is based on a recently revised Tennessee rule and follows one year of NCOIL debate regarding why repackaged pharmaceuticals cost so much more—sometimes 300 percent more—than the original versions.

The NCOIL Summer Meeting will take place from July 11 through 14 in Philadelphia, Pennsylvania.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at [www.ncoil.org](http://www.ncoil.org).

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