# Fiscal Note

State of Alaska  
2018 Legislative Session

**Title:** PHARMACY BENEFITS MANAGERS  
**Sponsor:** GUTTENBERG  
**Requester:** H L&C

**Department:** Department of Administration  
**Appropriation:** Centralized Administrative Services  
**Allocation:** Office of the Commissioner  
**OMB Component Number:** 45

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## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.  

<table>
<thead>
<tr>
<th>OPERATING EXPENDITURES</th>
<th>FY2019 Approp. Requested</th>
<th>Included in Governor's FY2019 Request</th>
<th>Out-Year Cost Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Services</td>
<td>***</td>
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<td>***</td>
</tr>
<tr>
<td>Travel</td>
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<tr>
<td>Services</td>
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<tr>
<td>Commodities</td>
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<tr>
<td>Capital Outlay</td>
<td>***</td>
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<tr>
<td>Grants &amp; Benefits</td>
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</tr>
<tr>
<td>Miscellaneous</td>
<td>***</td>
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</tbody>
</table>

**Total Operating**  

<table>
<thead>
<tr>
<th>FY2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
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</thead>
<tbody>
<tr>
<td>0.0</td>
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</table>

**Fund Source (Operating Only)**

None

Total  

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</table>

**Positions**

Full-time

Part-time

Temporary

**Change in Revenues**

None

Total  

<table>
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</tbody>
</table>

**Estimated SUPPLEMENTAL (FY2018) cost:** 0.0  
*(separate supplemental appropriation required)*

*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2019) cost:** 0.0  
*(separate capital appropriation required)*

*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version/comments:**

Updated to 2018 form. Updated with current spending information in analysis.

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Prepared By: Michele Michaud, Chief Health Official  
Division: Retirement and Benefits  
Approved By: Leslie Ridle, Commissioner  
Agency: Administration

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FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

Analysis

The fiscal note is indeterminate until an actuarial analysis can be conducted.

The bill requires the Pharmacy Benefits Manager (PBM) to register with and pay fees to the Division of Insurance. These costs would likely be passed on to AlaskaCare as administrative fees.

The bill may restrict the ability of PBMs to identify waste, fraud or abuse patterns. This may cause the AlaskaCare plans to pay for unnessary or fraudulent prescriptions.

The bill may restrict the ability of PBMs to recoup overpayments, preventing the AlaskaCare plans from recovering these funds.

The bill requires that prescriptions for generic drugs be reimbursed at certain levels. This may limit the ability of AlaskaCare and other plans to benefit from cost savings associated with generic competition with brand names that have lost their patent.

Increasing the maximum allowable reimbursement for generics will likely increase the AlaskaCare plans' generic drug spend. During the last reporting period (October 2016 through September 2017), generic medications made up $54.8M of the $228.3M drug spend in the Retiree Plan, and $3.5M of the $16.2M drug spend in the Employee Plan.

(Revised 9/26/17 OMB/LFD)