

Konrad,

Attached are conceptual amendments to HB 218. The proposed changes are noted by either a strike through or underlined text. The amendments would do the following:

- Clarify the title of the bill
- Require a notice to be provided to the insured 60 days prior to changes to cost sharing, deductible, and copayment for specialty tiers that are made during the plan year
- Modifies the effective date to align with most insurance policy plan years which start Jan 1

Please let me know if you have any questions.

Thank you,
Sheela

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HOUSE BILL NO. 218

**A BILL
FOR AN ACT ENTITLED**

"An Act ~~prohibiting an insurer from using a drug formulary system of specialty tiers under certain circumstances~~ requiring an insurer to provide notice of changes to specialty pharmacy cost sharing"

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE FINDINGS. The legislature finds that

- (1) cost sharing, deductibles, and coinsurance obligations for certain drugs are becoming prohibitively expensive for persons trying to overcome serious and often life threatening diseases and conditions, such as cancer, multiple sclerosis, rheumatoid arthritis, hepatitis C, hemophilia, and psoriasis, and that drugs for treatment of those illnesses and conditions are typically new, produced in lesser quantities than other drugs, and not available as less expensive brand-name or generic prescription drugs;
- (2) some health insurance plans and policies in other states have established unique categories or specialty tiers for certain drugs, under which patients are required to pay a higher percentage of the cost of high-priced prescription drugs rather than the traditional copayment amounts for generic, preferred brand, and nonpreferred brand prescription drugs; as a result, patients covered under plans in states that allow specialty tiers pay excessively high amounts for drugs that are critical for their treatment;
- (3) helping to ensure that patients are well informed about potential expenses resulting from cost sharing, deductibles, and coinsurance obligations that exceed insurance coverage for prescription drugs or equivalents is in the public interest;
- (4) the extraordinary disparity in cost sharing, deductible, and coinsurance burdens imposed by an insurer's use of unique categories or specialty tiers for patients whose life and health depend on certain prescription drugs can place serious hardships on individuals based on their diseases or conditions.

* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to read:
LEGISLATIVE INTENT. This Act intends to provide patients timely information relating to the cost of prescription drugs essential for the treatment of cancer, multiple sclerosis, rheumatoid arthritis, hepatitis C, hemophilia, psoriasis, and other diseases or conditions.

* **Sec. 3.** AS 21.42 is amended by adding a new section to read:

Sec. 21.42.420. Coverage-~~Notice for changes to~~ prescription drugs; ~~specialty drug tiers prohibited.~~ A health care insurer that offers, issues, delivers, or renews a health care insurance plan in the individual or group market in the state that provides coverage for prescription drugs for which cost sharing, deductibles, or copayment obligations are determined by unique categories or specialty tiers may impose cost sharing, deductibles, or copayment

obligations for a unique category or specialty tier prescription drug that exceed the dollar amount of cost sharing, deductibles, or copayment obligations, as applicable, for a nonpreferred brand drug or the drug's-equivalent, ~~but only if the~~ The insurer must notify ~~ies~~ the insured of changes during the plan year to the cost sharing, deductible, or copayment terms applicable to unique categories or specialty tiers at least ~~90~~ 60 days before the terms apply.

* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 21.42.420, added by sec. 3 of this Act, applies to a health insurance plan offered, issued for delivery, delivered, or renewed on or after ~~the effective date of this Act~~ January 1, 2013.