

# Fiscal Note

State of Alaska  
2018 Legislative Session

Bill Version: HB 240  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB240-DOA-DRB-01-18-18  
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

## Expenditures/Revenues

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

(Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services			***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**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If yes, by what date are the regulations to be adopted, amended or repealed?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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Division: Retirement and Benefits  
Approved By: Leslie Ridle, Commissioner  
Agency: Administration

Phone: (907)465-3225  
Date: 01/18/2018 01:00 PM  
Date: 01/18/18

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2018 LEGISLATIVE SESSION

BILL NO. HB 240

### 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 unnecessary 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.