

LEGAL SERVICES

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MEMORANDUM

February 21, 2012

SUBJECT: Drug formulary tiers (HB 218, Work Order No. 27-LS0728\B)

TO: Representative Wes Keller
Attn: Janet Ogan

FROM: Dennis C. Bailey
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. States legislative findings relating to the need for prescription drugs, the categories and specialty tiers for certain drugs, the cost of drugs, excessively high payments for drugs, the need to inform patients about the cost of drugs that exceed insurance coverage; and the disparity in insurance payments for unique categories or tiers for patients whose life and health depend on certain drugs.

Section 2. States the legislative intent is to provide information to patients about the cost of drugs for certain diseases and conditions.

Section 3. Allows a health care insurer that provides coverage for drugs in unique categories or specialty tiers to impose cost sharing, deductibles, or copayment terms that exceed the cost sharing, deductibles, or copayments of nonpreferred brand drugs or the drug's equivalent if the insurer notifies the insured of the cost sharing, deductibles, or copayment terms at least 90 days before the terms apply.

Section 4. Provides that the notice requirements in sec. 3 apply to health insurance plans offered, issued for delivery, delivered or renewed on or after the effective date.

If I may be of further assistance, please advise.

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