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North to the Future

Senator Cathy Giessel
Senate District N

SECTIONAL ANALYSIS

Senate Bill 175

“An Act relating to the registration and duties of pharmacy benefits managers; relating to procedures, guidelines, and enforcement mechanisms for pharmacy audits; relating to the cost of multi-source generic drugs and insurance reimbursement procedures; relating to the duties of the director of the division of insurance; and providing for an effective date.”

Note: 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.

Bill section 1. Adds a new section concerning Pharmacy Benefits Managers.

Sec. 21.27.901. Requires the registration of pharmacy benefits managers and describes the parameters under which they may contract with an insurer or network pharmacies and set the cost of multi-source generic drugs.

Sec. 21.27.905. Establishes an annual renewal of a registration fee for a pharmacy benefits manager as set by the director.

Sec. 21.27.910. Describes the procedural and time requirements required of the pharmacy benefits manager and defines who must conduct an audit and what records may be provided by the pharmacy.

Sec. 21.27.915. Indicates that a pharmacy benefits manager shall base a finding of overpayment or underpayment on the actual payment and not a projection of patients served by similar circumstances. It also designates the dispensing fee limitations.

Sec. 21.27.920. Establishes how a pharmacy benefits manager shall base the recoupment of overpayments from a pharmacy.

Sec. 21.27.925. Establishes time frames as to when preliminary and final audit reports shall be delivered to a pharmacy and the response time for any discrepancies found in the audits.

Sec. 21.27.930. A written appeals process shall be established by a pharmacy benefits manager. It also states that future repayment of disputed funds or other penalties imposed on a pharmacy shall occur only when all appeals have been exhausted.

Sec. 21.27.935. Defines what may not be considered fraud by the pharmacy benefits manager.

Sec. 21.27.940. Adopts restrictions on the requirements of the entire Section 1 when applied to an audit in which intentional or suspected fraud is demonstrated in a review of the claims data. In addition, the requirements do not apply to any claims paid for under the medical assistance program found in AS 47.07.

Sec. 21.27.945. The methodology and sources used to determine the drug pricing list will be provided to each network pharmacy at the beginning of their contract term and updated accordingly by the pharmacy benefits manager. Basic contact information shall also be provided.

Sec. 21.27.950. Establishes a process by which a network pharmacy may appeal the reimbursement for a multi-source generic drug and procedures if their appeal is denied. It also sets the limitations on the pharmacy benefits manager and the insurance division director as to how many days they have to resolve an appeal or a request for review.

Sec. 21.27.955. Defines all selective wording as used in Section 1.

Bill section 2. Adds a new section on Applicability as it applies to audits of pharmacies as conducted by pharmacy benefits managers.

Bill section 3. Adds a new section as to Transitional Provisions for adopting Regulations.

Bill section 4. Adds a new section stating the Revisor's Instructions.

Bill section 5. Effective date clause for Bill section 3.

Bill section 6. Effective date clause for this Act except as provided.