

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version: SB 121
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB121SS-DCCED-DOI-02-23-24
Title: PHARMACIES/PHARMACISTS/BENEFITS
MANAGERS
Sponsor: GIESSEL BY REQUEST
Requester: (S) Labor and Commerce

Department: Department of Commerce, Community and
Economic Development
Appropriation: Insurance Operations
Allocation: Insurance Operations
OMB Component Number: 354

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates				
			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
OPERATING EXPENDITURES	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Personal Services	336.1		336.1	336.1	336.1	336.1	336.1
Travel	24.0		24.0	24.0	24.0	24.0	24.0
Services	375.0		75.0	375.0	75.0	375.0	75.0
Commodities	30.0		5.0	5.0	5.0	5.0	5.0
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	765.1	0.0	440.1	740.1	440.1	740.1	440.1

Fund Source (Operating Only)

1156 Rcpt Svcs (DGF)	765.1		440.1	740.1	440.1	740.1	440.1
Total	765.1	0.0	440.1	740.1	440.1	740.1	440.1

Positions

Full-time	3.0		3.0	3.0	3.0	3.0	3.0
Part-time							
Temporary							

Change in Revenues

1156 Rcpt Svcs (DGF)	765.1		440.1	740.1	440.1	740.1	440.1
Total	765.1	0.0	440.1	740.1	440.1	740.1	440.1

Estimated SUPPLEMENTAL (FY2024) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2025) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? **Yes**
If yes, by what date are the regulations to be adopted, amended or repealed? **07/01/25**

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

Prepared By: <u>Lori Wing-Heier, Director</u>	Phone: <u>(907)269-7896</u>
Division: <u>Insurance</u>	Date: <u>02/23/2024</u>
Approved By: <u>Hannah Lager, Administrative Services Director</u>	Date: <u>02/23/24</u>
Agency: <u>Commerce, Community, and Economic Development</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

BILL NO. SSSB121

Analysis

This legislation changes legal requirements related to pharmacies, pharmacists, and pharmacy benefits managers. The bill amends registration and licensing requirements for pharmacy benefits managers, requires the Division of Insurance to review and set the professional dispensing fees paid to pharmacies and pharmacists, and creates statutory prohibitions related to unfair trade in the insurance market and pharmacy selection process.

The division will require three positions to enact this legislation: one Insurance Licensing Examiner 2 position for the licensing program; one Program Coordinator 2 for the dispensing fee management and review; and one Consumer Services Specialist to monitor and manage the unfair trade practices requirements and grievance procedures. To periodically review and set professional dispensing fees, the division will require services authority to purchase cost surveys and utilize professional actuarial and consulting services. The legislation requires this review at least every five years; the division plans to complete this work every two years to ensure that the fees are adjusted often enough to be responsive to market conditions.

If this legislation is adopted, the division will require the following in each fiscal year unless otherwise specified:

Personal Services:

- \$ 97.9 Insurance Licensing Examiner 2, range 14, in Juneau
- \$132.8 Program Coordinator 2, range 20, in Anchorage
- \$105.4 Consumer Services Specialist, range 16, in Anchorage

Travel:

- \$ 24.0 Travel for program development and support.

Services:

- \$300.0 Contractual support to acquire cost surveys, actuarial review, and consultant support in dispensing fee review. Biennially in FY2025, FY2027, and FY2029.
- \$ 75.0 Statewide and department core services and allocated costs (\$25.0 / position / year)

Commodities:

- \$ 30.0 New position equipment and supplies in FY2025 only.
- \$ 5.0 Annual equipment and supplies needs from FY2026 on.

Insurance licensing and regulation activities are fully funded from licensing fees collected under AS 21. In this fiscal note, revenues collected under this program are projected to be equal to the cost to implement the program.