



SB 121: Patient Freedom of Pharmacy Choice

One page explainer

SB 121 does the following:

1. Guarantees freedom of patient choice of pharmacy. This bill bars Pharmacy Benefits Managers (PBMs) from funneling patients to PBM-approved pharmacies that are often owned by or affiliated with the PBM.
2. Guarantees patients safe and efficient access to clinician-administered drugs. This bill enhances patient wellbeing and safety. The PBM practices of “white bagging” and “brown bagging” are potentially unsafe and impose barriers between patients and their healthcare providers. At issue are expensive drugs—like infusion cancer drugs—that clinicians prepare and administer directly to patients in a clinical setting. PBMs often bar hospital and clinical pharmacies from filling prescriptions on-site to treat patients. Instead, PBMs require prescriptions be sent to external, PBM-selected pharmacies who ship the drug to the patient’s provider, who then must store the drug until the patient arrives for treatment (“white bagging”). Or worse, PBMs require the drug to be shipped to the front porch of the patient who then must then retrieve, store, and carry the drug to the clinic for treatment (“brown bagging”). In these situations, clinical pharmacies cannot ensure the efficacy of the drug’s source, dosage, or handling in transit. As such, providers can’t guarantee they will have the drug when needed or that it will be safe and effective when they receive it. This bill bars insurers and PBMs from requiring white or brown bagging. It also authorizes the Board of Pharmacy to regulate these practices.
3. Puts an end to other objectionable PBM practices by bringing them within the Alaska Unfair Trade Practices and Consumer Protection Act. This bill will ensure that a PBM may not:
 - reimburse any pharmacy less than the PBM reimburses its own affiliated pharmacies;
 - impose unequal copayments, fees or conditions for those of the same benefit category;
 - “steer” patients to PBM-affiliated pharmacies using penalties, benefits or personal data;
 - restrict patients to only mail-order or PBM-affiliated pharmacies;
 - prohibit a network pharmacy from shipping or delivering drugs to its patients;
 - require undue credentialing standards or fees from pharmacies as a condition of joining a PBM network;
 - engage in “spread pricing,” *i.e.*, collect more for a drug from an insurer than the PBM reimburses to the pharmacy (and pocketing the difference)
4. Provides pharmacies a shot at fair reimbursement from PBMs. Pharmacies buy drugs from wholesalers and must recover their costs from PBMs. But PBMs use their own proprietary ‘black box’ formulas that often limit recovery to a level below a pharmacy’s actual cost, short-changing pharmacies. This bill requires reimbursement at an objective and transparent standard: the ‘national average drug acquisition cost,’ continually updated by CMS survey. It also balances appeal procedures so pharmacies have a meaningful opportunity for fair reimbursement from PBMs.

