

**HOUSE BILL NO. 453**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

**BY REPRESENTATIVE GUTTENBERG**

**Introduced: 2/13/06**

**Referred: Health, Education and Social Services, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to prescription drug discount pricing; placing requirements on**  
2 **pharmacies related to prescription drugs obtained through discount pricing; and**  
3 **requiring the Department of Health and Social Services to conduct a study pertaining to**  
4 **prescription drug discounts and report the results to the legislature."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 **\* Section 1.** AS 08.80 is amended by adding a new section to read:

7 **Sec. 08.80.168. Prescription drugs obtained through discount pricing.** (a)

8 A pharmacy shall segregate prescription drugs purchased through discount pricing  
9 under AS 17.20.095 from other drug stock by physical or electronic means and  
10 maintain records of the acquisition and disposition of the discounted drugs in a way  
11 that is readily retrievable and separate from other records maintained by the pharmacy.

12 (b) A pharmacy may only return prescription drugs obtained through discount  
13 pricing under AS 17.20.095 if the discounted drugs cannot be distributed because of a  
14 change in circumstances approved by the Department of Health and Social Service. In

1 this subsection, "change in circumstances" includes the termination or expiration of  
 2 the contract under AS 17.20.095(c) between a pharmacy and an eligible covered  
 3 entity, closure of the pharmacy, disciplinary action involving the pharmacy, and  
 4 closure of an eligible covered entity that significantly affects the business of the  
 5 pharmacy.

6 \* **Sec. 2.** AS 17.20 is amended by adding a new section to read:

7 **Sec. 17.20.095. Prescription drug discount pricing.** (a) A covered entity may  
 8 not purchase a covered outpatient drug for a price that is higher than the average  
 9 manufacturer price for the drug established under 42 U.S.C. 1396 (title XIX of the  
 10 Social Security Act) in the preceding calendar quarter, reduced by the rebate  
 11 percentage described under 42 U.S.C. 256b (Title III, Part D, Subpart VII, sec. 340B  
 12 of the Social Security Act).

13 (b) The commissioner shall notify all health care providers and facilities in the  
 14 state that are eligible to participate in prescription drug pricing under 42 U.S.C. 256b  
 15 of the availability of the discount pricing and of the requirement under (a) of this  
 16 section.

17 (c) An eligible covered entity may contract with a pharmacy to provide  
 18 pharmacy services to the entity, including dispensing discount pricing for drugs  
 19 obtained under 42 U.S.C. 256b.

20 (d) Prescription drugs purchased through discount pricing under this section  
 21 and records pertaining to those drugs shall be maintained as required under  
 22 AS 08.80.168.

23 (e) In this section, "covered entity" and "covered outpatient drug" have the  
 24 meanings given in 42 U.S.C. 256b and as further defined in regulations adopted by the  
 25 commissioner.

26 \* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to  
 27 read:

28 **PRESCRIPTION DRUG DISCOUNT PRICING STUDY AND REPORT.** (a) The  
 29 Department of Health and Social Services shall conduct a study of the feasibility of providing  
 30 discounted prescription drug pricing to every person in the state who is not otherwise covered  
 31 by a prescription drug plan. In conducting the study, the department shall cooperate with other

1 state agencies and representatives of state employees, health care providers, and health care  
2 facilities. The study must include

3 (1) a description of health care providers and facilities in the state that meet  
4 the definition of "covered entity" under 42 U.S.C. 256b (Social Security Act);

5 (2) a description of other health care providers and facilities in the state that  
6 would benefit from prescription drug discount pricing;

7 (3) a list of potential benefits to public, private, and third-party payors of  
8 prescription drug discount pricing;

9 (4) a list of resources and an application process available for entities seeking  
10 to be included as a covered entity for purposes of obtaining prescription drug discounts;

11 (5) estimated cost savings for prescription drug discount pricing; and

12 (6) strategies, such as state bulk purchasing initiatives, state-funded managed  
13 care plans, and sole source contracting, for obtaining the best prices on chronic use drugs.

14 (b) The Department of Health and Social Services shall, after conducting the study  
15 under (a) of this section, prepare a report summarizing the study and submit the report to the  
16 legislature on or before January 1, 2007.