

AMENDMENT #1

OFFERED IN THE HOUSE

BY REPRESENTATIVE STAPP

TO: CSHB 226(L&C)

1 Page 1, following line 6:

2 Insert a new bill section to read:

3 **\*\* Sec. 2.** AS 14.40 is amended by adding a new section to article 1 to read:

4 **Sec. 14.40.118. Health care insurance plans.** (a) If the University of Alaska  
5 offers a group health care insurance plan covering university employees, including by  
6 means of self-insurance, the university health care insurance plan, including the  
7 administration and management of pharmacy benefits under the plan, is subject to the  
8 requirements of AS 21.27.901 - 21.27.975 and AS 21.36.520.

9 (b) In this section, "health care insurance plan" has the meaning given in  
10 AS 21.54.500."

11

12 Renumber the following bill sections accordingly.

13

14 Page 2, line 22:

15 Delete "a new section"

16 Insert "new sections"

17

18 Page 3, following line 30:

19 Insert a new section to read:

20 **"Sec. 21.27.908. Contract disclosure.** (a) A pharmacy benefits manager shall  
21 exercise good faith and fair dealing in the performance of its contractual duties with an  
22 insurer.

23 (b) Within 60 days after receiving a request from an insurer, a pharmacy

1 benefits manager shall provide a copy of a contract between the pharmacy benefits  
 2 manager and the insurer. Nothing in this subsection requires the disclosure of  
 3 proprietary business information or protected health information.

4 (c) A contract between a pharmacy benefits manager and an insurer must  
 5 allow an insurer the right to request an annual audit.

6 (d) A pharmacy benefits manager may require an insurer to sign a  
 7 nondisclosure agreement acknowledging that the information obtained during an audit  
 8 is proprietary information of the pharmacy benefits manager."  
 9

10 Page 12, following line 21:

11 Insert new bill sections to read:

12 **\*\* Sec. 14.** AS 29.10.200 is amended by adding a new paragraph to read:

13 (68) AS 29.20.420 (health care insurance plans).

14 **\* Sec. 15.** AS 29.20 is amended by adding a new section to article 5 to read:

15 **Sec. 29.20.420. Health care insurance plans.** (a) If a municipality offers a  
 16 group health care insurance plan covering municipal employees, including by means  
 17 of self-insurance, the municipal health care insurance plan, including the  
 18 administration and management of pharmacy benefits under the plan, is subject to the  
 19 requirements of AS 21.27.901 - 21.27.975 and AS 21.36.520.

20 (b) This section applies to home rule and general law municipalities.

21 (c) In this section, "health care insurance plan" has the meaning given in  
 22 AS 21.54.500.

23 **\* Sec. 16.** AS 39.30.090(a) is amended to read:

24 (a) The Department of Administration may obtain a policy or policies of group  
 25 insurance covering state employees, persons entitled to coverage under AS 14.25.168,  
 26 14.25.480, AS 22.25.090, AS 39.35.535, 39.35.880, or former AS 39.37.145,  
 27 employees of other participating governmental units, or persons entitled to coverage  
 28 under AS 23.15.136, subject to the following conditions:

29 (1) a group insurance policy shall provide one or more of the following  
 30 benefits: life insurance, accidental death and dismemberment insurance, weekly  
 31 indemnity insurance, hospital expense insurance, surgical expense insurance, dental

1 expense insurance, audiovisual insurance, or other medical care insurance;

2 (2) each eligible employee of the state, the spouse and the unmarried  
3 children chiefly dependent on the eligible employee for support, and each eligible  
4 employee of another participating governmental unit shall be covered by the group  
5 policy, unless exempt under regulations adopted by the commissioner of  
6 administration;

7 (3) a governmental unit may participate under a group policy if

8 (A) its governing body adopts a resolution authorizing  
9 participation and payment of required premiums;

10 (B) a certified copy of the resolution is filed with the  
11 Department of Administration; and

12 (C) the commissioner of administration approves the  
13 participation in writing;

14 (4) in procuring a policy of group health or group life insurance as  
15 provided under this section or excess loss insurance as provided in AS 39.30.091, the  
16 Department of Administration shall comply with the dual choice requirements of  
17 AS 21.86.310, and shall obtain the insurance policy from an insurer authorized to  
18 transact business in the state under AS 21.09, a hospital or medical service corporation  
19 authorized to transact business in this state under AS 21.87, or a health maintenance  
20 organization authorized to operate in this state under AS 21.86; an excess loss  
21 insurance policy may be obtained from a life or health insurer authorized to transact  
22 business in this state under AS 21.09 or from a hospital or medical service corporation  
23 authorized to transact business in this state under AS 21.87;

24 (5) the Department of Administration shall make available bid  
25 specifications for desired insurance benefits or for administration of benefit claims and  
26 payments to (A) all insurance carriers authorized to transact business in this state  
27 under AS 21.09 and all hospital or medical service corporations authorized to transact  
28 business under AS 21.87 who are qualified to provide the desired benefits; and (B)  
29 insurance carriers authorized to transact business in this state under AS 21.09, hospital  
30 or medical service corporations authorized to transact business under AS 21.87, and  
31 third-party administrators licensed to transact business in this state and qualified to

1 provide administrative services; the specifications shall be made available at least once  
2 every five years; the lowest responsible bid submitted by an insurance carrier, hospital  
3 or medical service corporation, or third-party administrator with adequate servicing  
4 facilities shall govern selection of a carrier, hospital or medical service corporation, or  
5 third-party administrator under this section or the selection of an insurance carrier or a  
6 hospital or medical service corporation to provide excess loss insurance as provided in  
7 AS 39.30.091;

8 (6) if the aggregate of dividends payable under the group insurance  
9 policy exceeds the governmental unit's share of the premium, the excess shall be  
10 applied by the governmental unit for the sole benefit of the employees;

11 (7) a person receiving benefits under AS 14.25.110, AS 22.25,  
12 AS 39.35, or former AS 39.37 may continue the life insurance coverage that was in  
13 effect under this section at the time of termination of employment with the state or  
14 participating governmental unit;

15 (8) a person electing to have insurance under (7) of this subsection  
16 shall pay the cost of this insurance;

17 (9) for each permanent part-time employee electing coverage under  
18 this section, the state shall contribute one-half the state contribution rate for permanent  
19 full-time state employees, and the permanent part-time employee shall contribute the  
20 other one-half;

21 (10) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35,  
22 or former AS 39.37 may obtain auditory, visual, and dental insurance for that person  
23 and eligible dependents under this section; the level of coverage for persons over 65  
24 shall be the same as that available before reaching age 65 except that the benefits  
25 payable shall be supplemental to any benefits provided under the federal old age,  
26 survivors, and disability insurance program; a person electing to have insurance under  
27 this paragraph shall pay the cost of the insurance; the commissioner of administration  
28 shall adopt regulations implementing this paragraph;

29 (11) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35,  
30 or former AS 39.37 may obtain long-term care insurance for that person and eligible  
31 dependents under this section; a person who elects insurance under this paragraph

1 shall pay the cost of the insurance premium; the commissioner of administration shall  
2 adopt regulations to implement this paragraph;

3 (12) each licensee holding a current operating agreement for a vending  
4 facility under AS 23.15.010 - 23.15.210 shall be covered by the group policy that  
5 applies to governmental units other than the state;

6 (13) a group health insurance policy covering employees of a  
7 participating governmental unit must meet the requirements of AS 21.27.901 -  
8 21.27.975 and AS 21.36.520, including requirements relating to administration  
9 and management of pharmacy benefits under the policy.

10 \* Sec. 17. AS 39.30.091 is amended to read:

11 **Sec. 39.30.091. Authorization for self-insurance and excess loss insurance.**

12 Notwithstanding AS 21.86.310 or AS 39.30.090, the Department of Administration  
13 may provide, by means of self-insurance, one or more of the benefits listed in  
14 AS 39.30.090(a)(1) for state employees eligible for the benefits by law or under a  
15 collective bargaining agreement and for persons receiving benefits under AS 14.25,  
16 AS 22.25, AS 39.35, or former AS 39.37, and their dependents. The department shall  
17 procure any necessary excess loss insurance under AS 39.30.090. A self-insured  
18 group medical plan covering active state employees provided under this section is  
19 subject to the requirements of AS 21.27.901 - 21.27.975 and AS 21.36.520,  
20 including requirements relating to administration and management of pharmacy  
21 benefits under the plan."

22  
23 Page 12, line 31:

24 Delete "secs. 1 - 14"

25 Insert "secs. 1 - 19"

26  
27 Page 13, line 9:

28 Delete "Section 16"

29 Insert "Section 21"

30  
31 Page 13, line 10:

- 1 Delete "sec. 17"
- 2 Insert "sec. 22"