

SENATE BILL NO. 121

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY SENATORS GIESSEL BY REQUEST, Bjorkman, Myers, Tobin, Gray-Jackson, Claman

Introduced: 3/31/23

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Board of Pharmacy; relating to insurance; relating to**
2 **pharmacies; relating to pharmacists; relating to pharmacy benefits managers; relating**
3 **to patient choice of pharmacy; and providing for an effective date."**

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

5 * **Section 1.** AS 08.80.030(b) is amended to read:

6 (b) In order to fulfill its responsibilities, the board has the powers necessary
7 for implementation and enforcement of this chapter, including the power to

8 (1) elect a president and secretary from its membership and adopt rules
9 for the conduct of its business;

10 (2) license by examination or by license transfer the applicants who are
11 qualified to engage in the practice of pharmacy;

12 (3) assist the department in inspections and investigations for
13 violations of this chapter, or of any other state or federal statute relating to the practice
14 of pharmacy;

- 1 (4) adopt regulations to carry out the purposes of this chapter;
- 2 (5) establish and enforce compliance with professional standards and
3 rules of conduct for pharmacists engaged in the practice of pharmacy;
- 4 (6) determine standards for recognition and approval of degree
5 programs of schools and colleges of pharmacy whose graduates shall be eligible for
6 licensure in this state, including the specification and enforcement of requirements for
7 practical training, including internships;
- 8 (7) establish for pharmacists and pharmacies minimum specifications
9 for the physical facilities, technical equipment, personnel, and procedures for the
10 storage, compounding, and dispensing of drugs or related devices, and for the
11 monitoring of drug therapy, including independent monitoring of drug therapy;
- 12 (8) enforce the provisions of this chapter relating to the conduct or
13 competence of pharmacists practicing in the state, and the suspension, revocation, or
14 restriction of licenses to engage in the practice of pharmacy;
- 15 (9) license and regulate the training, qualifications, and employment of
16 pharmacy interns and pharmacy technicians;
- 17 (10) issue licenses to persons engaged in the manufacture and
18 distribution of drugs and related devices;
- 19 (11) establish and maintain a controlled substance prescription
20 database as provided in AS 17.30.200;
- 21 (12) establish standards for the independent prescribing and
22 administration of vaccines and related emergency medications under AS 08.80.168,
23 including the completion of an immunization training program approved by the board;
- 24 (13) establish standards for the independent prescribing and dispensing
25 by a pharmacist of an opioid overdose drug under AS 17.20.085, including the
26 completion of an opioid overdose training program approved by the board;
- 27 (14) require that a licensed pharmacist register with the controlled
28 substance prescription database under AS 17.30.200(n);
- 29 (15) establish the qualifications and duties of the executive
30 administrator and delegate authority to the executive administrator that is necessary to
31 conduct board business;

1 (16) license and inspect the facilities of wholesale drug distributors,
 2 third-party logistics providers, and outsourcing facilities located outside the state
 3 under AS 08.80.159;

4 **(17) for a prescription drug that the United States Food and Drug**
 5 **Administration or the prescription drug's manufacturer has not approved for**
 6 **self-administration, prohibit, limit, or provide conditions relating to the**
 7 **dispensing of the prescription drug, including establishing specifications to**
 8 **ensure the effectiveness and security of a prescription drug to be administered by**
 9 **infusion or otherwise administered in a clinical setting.**

10 * **Sec. 2.** AS 21.27.901(b) is amended to read:

11 (b) A pharmacy benefits manager registered under AS 21.27.630 may

12 (1) contract with an insurer to administer or manage pharmacy benefits
 13 provided by an insurer for a covered person, including claims processing services for
 14 and audits of payments for prescription drugs and medical devices and supplies; **and**

15 (2) contract with network pharmacies [;

16 (3) SET THE COST OF MULTI-SOURCE GENERIC DRUGS
 17 UNDER AS 21.27.945; AND

18 (4) ADJUDICATE APPEALS RELATED TO MULTI-SOURCE
 19 GENERIC DRUG REIMBURSEMENT].

20 * **Sec. 3.** AS 21.27.901 is amended by adding a new subsection to read:

21 (c) Each day that a pharmacy benefits manager conducts business in the state
 22 as a pharmacy benefits manager without being registered as required by (a) of this
 23 section is a separate violation of this section.

24 * **Sec. 4.** AS 21.27.945(a) is amended to read:

25 (a) A pharmacy benefits manager shall

26 (1) **provide** [MAKE AVAILABLE] to each network pharmacy at the
 27 beginning of the term of the network pharmacy's contract, and upon renewal of the
 28 contract, the methodology and sources used to determine the [DRUG PRICING] list;

29 **(2) provide the list to a network pharmacy without charge;**

30 **(3) [(2)] provide and keep current** a telephone number at which a
 31 network pharmacy may contact an employee of a pharmacy benefits manager [TO

1 DISCUSS THE PHARMACY'S APPEAL];

2 **(4)** [(3)] provide a process for a network pharmacy to have ready
3 access to the list specific to that pharmacy;

4 **(5)** [(4)] review and update [APPLICABLE] list information at least
5 once every seven [BUSINESS] days to **ensure** [REFLECT MODIFICATION OF] list
6 pricing **reflects current national drug database pricing**;

7 **(6)** [(5)] update list prices within one business day after a significant
8 price update or modification provided by the pharmacy benefits manager's national
9 drug database provider; and

10 **(7)** [(6)] ensure that dispensing fees are not included in the calculation
11 of the list pricing.

12 * **Sec. 5.** AS 21.27.945(b) is repealed and reenacted to read:

13 (b) Before placing or maintaining a specific drug on the list, a pharmacy
14 benefits manager shall ensure that

15 (1) if the drug is therapeutically equivalent and pharmaceutically
16 equivalent to a prescribed drug, the drug is listed as therapeutically equivalent and
17 pharmaceutically equivalent "A" or "B" rated in the most recent edition or supplement
18 of the United States Food and Drug Administration's Approved Drug Products with
19 Therapeutic Equivalence Evaluations, also known as the Orange Book;

20 (2) if the drug is a different biological product than a prescribed drug,
21 the drug is an interchangeable biological product;

22 (3) the drug is readily available for purchase by each pharmacy in the
23 state from national or regional wholesalers operating in the state; and

24 (4) the drug is not obsolete or temporarily unavailable.

25 * **Sec. 6.** AS 21.27.945 is amended by adding new subsections to read:

26 (c) The list a pharmacy benefits manager provides to a network pharmacy
27 under (a) of this section must

28 (1) be maintained in a searchable electronic format that is accessible
29 with a computer;

30 (2) identify each drug for which a reimbursement amount is
31 established; and

1 (3) specify for each drug

2 (A) the national drug code;

3 (B) the national average drug acquisition cost, if available;

4 (C) the wholesale acquisition cost, if available; and

5 (D) the reimbursement amount.

6 (d) In this section,

7 (1) "interchangeable biological product" has the meaning given in
8 AS 08.80.480;

9 (2) "pharmaceutically equivalent" means a drug has identical amounts
10 of the same active chemical ingredients in the same dosage form and meets the
11 standards of strength, quality, and purity according to the United States Pharmacopeia
12 published by the United States Pharmacopeial Convention or another similar
13 nationally recognized publication;

14 (3) "pharmacy acquisition cost" means the amount that a
15 pharmaceutical wholesaler or distributor charges for a pharmaceutical product as listed
16 on the pharmacy's invoice;

17 (4) "significant price update or modification" means

18 (A) an increase of 10 percent or more in the pharmacy
19 acquisition cost from 60 percent or more of the pharmaceutical wholesalers
20 doing business in the state;

21 (B) a change in the methodology in which the maximum
22 allowable cost for a drug is determined; or

23 (C) a change in the value of a variable involved in the
24 methodology used to determine the maximum allowable cost for a drug;

25 (5) "therapeutically equivalent" means a drug is from the same
26 therapeutic class as another drug and, when administered in an appropriate amount,
27 provides the same therapeutic effect as, and is identical in duration and intensity to,
28 the other drug;

29 (6) "therapeutic class" means a group of similar drug products that
30 have the same or similar mechanisms of action and are used to treat a specific
31 condition.

1 * **Sec. 7.** AS 21.27.950 is repealed and reenacted to read:

2 **Sec. 21.27.950. Reimbursement.** (a) A pharmacy benefits manager shall
3 reimburse a pharmacy or pharmacist for a drug in an amount not less than the national
4 average drug acquisition cost for the drug on the date that the drug is administered or
5 dispensed. If the national average drug acquisition cost is not available at the time a
6 drug is administered or dispensed, a pharmacy benefits manager shall reimburse in an
7 amount that is not less than the wholesale acquisition cost of the drug. If the wholesale
8 acquisition cost of the drug is not available at the time a drug is administered or
9 dispensed, a pharmacy benefits manager shall reimburse in an amount that is not less
10 than the pharmacy acquisition cost of the drug.

11 (b) In addition to the reimbursement required under (a) of this section, a
12 pharmacy benefits manager shall reimburse the pharmacy or pharmacist for a
13 professional dispensing fee that is not less than the pharmacy dispensing fee
14 applicable to providers in the state as listed in the Alaska Medicaid Fee Schedules and
15 Covered Codes provided by the Department of Health on the date that the drug is
16 administered or dispensed.

17 * **Sec. 8.** AS 21.27 is amended by adding new sections to read:

18 **Sec. 21.27.951. Patient choice of pharmacy.** (a) An insurer providing a
19 covered person with a health care insurance plan and its pharmacy benefits manager
20 may not

21 (1) prohibit or limit the person receiving pharmacy services under the
22 insurer's health care insurance plan, including mail-order and specialty pharmacy
23 services, from selecting a pharmacy of the person's choice to provide the pharmacy
24 services if the pharmacy has notified the insurer, or the pharmacy benefits manager
25 authorized to act on the insurer's behalf, of the pharmacy's agreement to accept as
26 payment in full reimbursement for the pharmacy's services at rates applicable to
27 pharmacies that are administered by the insurer or its pharmacy benefits manager,
28 including any copayment required by the insurer's health care insurance plan; or

29 (2) restrict access to drugs by limiting distribution of a drug through an
30 affiliate, except to the extent necessary to meet limited distribution requirements of the
31 United States Food and Drug Administration or to ensure the appropriate dispensing

1 of a drug that requires extraordinary special handling, provider coordination, or patient
2 education when those requirements cannot be met by a network pharmacy; an insurer
3 or its pharmacy benefits manager who restricts drug access, or limits drug distribution
4 under the exceptions allowed by this paragraph shall, upon request, promptly provide
5 a pharmacy or pharmacist with a complete written description of all extraordinary
6 special handling, provider coordination, and patient education requirements necessary
7 for the distribution or dispensing of a drug; in this paragraph, "affiliate" means a
8 business, pharmacy, pharmacist, or provider who, directly or indirectly through one or
9 more intermediaries, controls, is controlled by, or is under common control with a
10 pharmacy benefits manager.

11 (b) An insurer providing a covered person with a health care insurance plan
12 and its pharmacy benefits manager shall permit a pharmacy or pharmacist to enter into
13 a direct service agreement or network pharmacy agreement with the insurer or its
14 pharmacy benefits manager if the pharmacy or pharmacist

15 (1) meets the terms and conditions of participation in the direct service
16 agreement or network pharmacy agreement;

17 (2) agrees to provide pharmacy services, including drugs, that meet the
18 terms and conditions required under the insurer's health care insurance plan, including
19 the terms of reimbursement; and

20 (3) not later than 30 days after being requested in writing to do so by
21 the insurer or its pharmacy benefits manager, executes and delivers to the insurer or its
22 pharmacy benefits manager the direct service agreement or network pharmacy
23 agreement that the insurer or its pharmacy benefits manager requires of all its network
24 pharmacies.

25 (c) An insurer or its pharmacy benefits manager shall act on a pharmacy's or
26 pharmacist's request for a direct service agreement or a network pharmacy agreement
27 not later than 30 days after the insurer or its pharmacy benefits manager receives the
28 pharmacy's or pharmacist's request or, if the insurer or its pharmacy benefits manager
29 requests supplemental information, 30 days after the insurer or its pharmacy benefits
30 manager receives the supplemental information.

31 (d) A network pharmacy or a pharmacy applying to become a network

1 pharmacy under this section shall be presumed to meet the requirements of a specialty
2 pharmacy upon its assertion that it meets the requirements of a specialty pharmacy.

3 (e) In this section,

4 (1) "specialty drug" means a drug that is subject to restricted
5 distribution by the United States Food and Drug Administration;

6 (2) "specialty pharmacy" means a pharmacy capable of meeting the
7 requirements of the United States Food and Drug Administration applicable to
8 specialty drugs.

9 **Sec. 21.27.952. Patient access to clinician-administered drugs.** (a) An
10 insurer or its pharmacy benefits manager may not

11 (1) refuse to authorize, approve, or pay a provider for providing
12 covered clinician-administered drugs and related services to a covered person if the
13 provider has agreed to participate in the insurer's health care insurance plan according
14 to the terms offered by the insurer or its pharmacy benefits manager;

15 (2) if the criteria for medical necessity is met, condition, deny, restrict,
16 refuse to authorize or approve, or reduce payment to a provider for a clinician-
17 administered drug because the provider obtained the clinician-administered drug from
18 a pharmacy that is not a network pharmacy in the insurer's or its pharmacy benefits
19 manager's network;

20 (3) impose coverage or benefit limitations or require a covered person
21 to pay an additional fee, a higher or additional copay or coinsurance, or a penalty
22 when obtaining a clinician-administered drug from a network pharmacy authorized
23 under the laws of this state to dispense or administer the drug;

24 (4) require a covered person to pay an additional fee, a higher or
25 additional copay or coinsurance, or another form of a price increase for a clinician-
26 administered drug when the drug is not dispensed by a pharmacy or acquired from an
27 entity selected by the insurer or its pharmacy benefits manager;

28 (5) interfere with the right of a covered person to obtain a clinician-
29 administered drug from the provider or pharmacy of the person's choice, including by
30 inducement, steering, or offering or promoting financial or other incentives;

31 (6) limit or exclude coverage for a clinician-administered drug when

1 not dispensed by a pharmacy or acquired from an entity selected by the insurer or its
2 pharmacy benefits manager when the drug would otherwise be covered;

3 (7) require a pharmacy to dispense a clinician-administered drug
4 directly to a covered person or agent of the insured with the intention that the covered
5 person or the agent of the insured will transport the medication to a provider for
6 administration;

7 (8) require or encourage the dispensing of a clinician-administered
8 drug to a covered person in a manner that is inconsistent with the supply chain security
9 controls and chain of distribution set by 21 U.S.C. 360eee - 360eee-4 (Drug Supply
10 Chain Security Act);

11 (9) require that a clinician-administered drug be dispensed or
12 administered to a covered person in the residence of the covered person or require use
13 of an infusion site external to the office, department, or clinic of the provider of the
14 covered person; nothing in this paragraph prohibits the insurer or its pharmacy
15 benefits manager, or an agent of the insurer or its pharmacy benefits manager, from
16 offering the use of a home infusion pharmacy or external infusion site.

17 (b) In this section, "clinician-administered drug" means a drug, other than a
18 vaccine, that requires administration by a provider and that the United States Food and
19 Drug Administration or the drug's manufacturer has not approved for self-
20 administration.

21 **Sec. 21.27.953. Penalties.** In addition to any other penalty provided by law, if
22 a person violates AS 21.27.945 - 21.27.955, the director may, after notice and hearing,
23 impose a penalty in accordance with AS 21.27.440.

24 * **Sec. 9.** AS 21.27.955(4) is amended to read:

25 (4) "list" means a [THE] list of [MULTI-SOURCE GENERIC] drugs
26 for which a **pharmacy benefits manager has established** predetermined
27 reimbursement **amounts, or methods for determining reimbursement amounts, to**
28 **be paid to a network pharmacy or pharmacist for pharmacy services,** [AMOUNT
29 HAS BEEN ESTABLISHED] such as a maximum allowable cost or maximum
30 allowable cost list or any other list of prices used by a pharmacy benefits manager;

31 * **Sec. 10.** AS 21.27.955(6) is repealed and reenacted to read:

1 (6) "network pharmacy" means a pharmacy or pharmacist who, under
2 a contract or agreement with the insurer or its pharmacy benefits manager, has agreed
3 to provide pharmacy services to a covered person with an expectation of receiving
4 payment, other than in-network coinsurance, copayments, or deductibles, directly or
5 indirectly from the insurer;

6 * **Sec. 11.** AS 21.27.955 is amended by adding new paragraphs to read:

7 (11) "covered person" means an individual receiving medication
8 coverage or reimbursement provided by an insurer or its pharmacy benefits manager
9 under a health care insurance plan;

10 (12) "drug" means a prescription drug;

11 (13) "health care insurance plan" has the meaning provided in
12 AS 21.54.500;

13 (14) "insurer" has the meaning given in AS 21.97.900 and includes a
14 company or group of companies under common management, ownership, or control;

15 (15) "maximum allowable cost" means the maximum amount that a
16 pharmacy benefits manager will reimburse a pharmacy for the cost of a drug;

17 (16) "national average drug acquisition cost" means the average
18 acquisition cost for outpatient drugs covered by Medicaid, as determined by a monthly
19 survey of retail pharmacies conducted by the federal Centers for Medicare and
20 Medicaid Services;

21 (17) "network" means an entity that, through contracts or agreements
22 with providers, provides or arranges for access by groups of covered persons to health
23 care services by providers who are not otherwise or individually contracted directly
24 with an insurer or its pharmacy benefits manager;

25 (18) "provider" means a physician, pharmacist, hospital, clinic,
26 hospital outpatient department, pharmacy under the common ownership or control of a
27 provider, or other person licensed or otherwise authorized in this state to furnish health
28 care services;

29 (19) "wholesale acquisition cost" has the meaning given in 42 U.S.C.
30 1395w-3a(c)(6)(B).

31 * **Sec. 12.** AS 21.36 is amended by adding a new section to read:

1 **Sec. 21.36.126. Unfair trade practices.** (a) An insurer providing a health care
2 insurance plan or its pharmacy benefits manager may not

3 (1) violate AS 21.27.950;

4 (2) interfere with a covered person's right to choose a pharmacy or
5 provider as provided in AS 21.27.951;

6 (3) interfere with a covered person's right of access to a clinician-
7 administered drug as provided in AS 21.27.952;

8 (4) interfere with the right of a pharmacy or pharmacist to participate
9 as a network pharmacy as provided in AS 21.27.951;

10 (5) reimburse a pharmacy or pharmacist an amount less than the
11 amount the pharmacy benefits manager reimburses an affiliate for providing the same
12 pharmacy services, calculated on a per-unit basis using the same generic product
13 identifier or generic code number;

14 (6) impose a copayment, fee, or condition that is not equally imposed
15 on all individuals in the same benefit category, class, or copayment level, whether or
16 not the benefits are furnished by a pharmacy or pharmacist who is not a network
17 pharmacy;

18 (7) steer, invite, or direct a patient to use an affiliate's services through
19 verbal or written communication, including

20 (A) online messaging regarding the affiliate; or

21 (B) patient or prospective patient-specific advertising,
22 marketing, or promotion of the affiliate;

23 (8) impose any monetary advantage, inducement, or penalty that could
24 affect or influence a person's choice among pharmacies that have agreed to participate
25 in the plan according to the terms offered by the insurer or its pharmacy benefits
26 manager, including a higher or additional copayment or fee or promotion of one
27 participating pharmacy over another;

28 (9) impose a reduction in reimbursement for pharmacy services
29 because of the person's choice among pharmacies that have agreed to participate in the
30 plan according to the terms offered by the insurer or its pharmacy benefits manager;

31 (10) use a covered person's pharmacy services data collected under the

1 provision of claims processing services for the purpose of soliciting, marketing, or
2 referring the person to an affiliate of the pharmacy benefits manager;

3 (11) require a covered person, as a condition of payment or
4 reimbursement, to purchase pharmacist services or products, including drugs, through
5 a mail-order pharmacy or pharmacy benefits manager affiliate;

6 (12) prohibit or limit a network pharmacy from mailing, shipping, or
7 delivering drugs to a patient as an ancillary service; however, the insurer or its
8 pharmacy benefits manager

9 (A) is not required to reimburse a delivery fee charged by a
10 pharmacy unless the fee is specified in the contract between the pharmacy
11 benefits manager and the pharmacy;

12 (B) may not require a patient signature as proof of delivery of a
13 mailed or shipped drug if the network pharmacy

14 (i) maintains a mailing or shipping log signed by a
15 representative of the pharmacy or keeps a record of each notification of
16 delivery provided by the United States mail or a package delivery
17 service; and

18 (ii) is responsible for the cost of mailing, shipping, or
19 delivering a replacement for a drug that was mailed or shipped but not
20 received by the covered person;

21 (13) impose on a pharmacist or pharmacy seeking to remain or become
22 a network provider credentialing standards that are more strict than the licensing
23 standards set by the Board of Pharmacy or charge a pharmacy a fee in connection with
24 network enrollment;

25 (14) prohibit or limit a network pharmacy from informing an insured
26 person of the difference between the out-of-pocket cost to the covered person to
27 purchase a drug, medical device, or supply using the covered person's pharmacy
28 benefits and the pharmacy's usual and customary charge for the drug, medical device,
29 or supply;

30 (15) conduct or participate in spread pricing in the state;

31 (16) assess, charge, or collect a form of remuneration that passes from

1 a pharmacy or a pharmacist in a pharmacy network to the pharmacy benefits manager
2 including claim processing fees, performance-based fees, network participation fees,
3 or accreditation fees.

4 (b) A provision of a contract between a pharmacy benefits manager and a
5 pharmacy or pharmacist that is contrary to a requirement of this section is null, void,
6 and unenforceable in this state.

7 (c) A violation of this section or a regulation adopted under this section is an
8 unfair trade practice and subject to penalty under this chapter.

9 (d) For purposes of this section, a violation has occurred each time a
10 prohibited act is committed.

11 (e) Nothing in this section may interfere with or violate a patient's right under
12 AS 08.80.297 to know where the patient may have access to the lowest cost drugs or
13 the requirement that a patient must receive notice of a change to a pharmacy network,
14 including the addition of a new pharmacy or removal of an existing pharmacy from a
15 pharmacy network.

16 (f) In this section,

17 (1) "affiliate" has the meaning given in AS 21.27.951(a)(2);

18 (2) "clinician-administered drug" has the meaning given in
19 AS 21.27.952(b);

20 (3) "covered person" has the meaning given in AS 21.27.955;

21 (4) "drug" has the meaning given in AS 21.27.955;

22 (5) "health care insurance plan" has the meaning given in
23 AS 21.54.500;

24 (6) "insurer" has the meaning given in AS 21.27.955;

25 (7) "mail-order pharmacy" means a pharmacy whose primary business
26 is to receive drugs by mail or through electronic submission and to dispense
27 medication to a covered person through the use of the United States mail or other
28 common or contract carrier services and who may provide consultation with a covered
29 person electronically rather than face-to-face;

30 (8) "network pharmacy" has the meaning given in AS 21.27.955;

31 (9) "out-of-pocket cost" means a deductible, coinsurance, copayment,

1 or similar expense owed by a covered person under the terms of the covered person's
2 health care insurance plan;

3 (10) "provider" has the meaning given in AS 21.27.955;

4 (11) "spread pricing" means the method of pricing a drug in which the
5 contracted price for a drug that a pharmacy benefits manager charges a health care
6 insurance plan differs from the amount the pharmacy benefits manager directly or
7 indirectly pays the pharmacist or pharmacy for pharmacist services.

8 * **Sec. 13.** AS 29.10.200 is amended by adding a new paragraph to read:

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

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

11 **Sec. 29.20.420. Health care insurance plans.** (a) If a municipality offers a
12 group health care insurance plan covering municipal employees, including by means
13 of self-insurance, the municipal health care insurance plan, including the
14 administration and management of pharmacy benefits under the plan, is subject to the
15 requirements of AS 21.27.901 - 21.27.955 and AS 21.36.126.

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

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

19 * **Sec. 15.** AS 39.30.090(a) is amended to read:

20 (a) The Department of Administration may obtain a policy or policies of group
21 insurance covering state employees, persons entitled to coverage under AS 14.25.168,
22 14.25.480, AS 22.25.090, AS 39.35.535, 39.35.880, or former AS 39.37.145,
23 employees of other participating governmental units, or persons entitled to coverage
24 under AS 23.15.136, subject to the following conditions:

25 (1) a group insurance policy shall provide one or more of the following
26 benefits: life insurance, accidental death and dismemberment insurance, weekly
27 indemnity insurance, hospital expense insurance, surgical expense insurance, dental
28 expense insurance, audiovisual insurance, or other medical care insurance;

29 (2) each eligible employee of the state, the spouse and the unmarried
30 children chiefly dependent on the eligible employee for support, and each eligible
31 employee of another participating governmental unit shall be covered by the group

1 policy, unless exempt under regulations adopted by the commissioner of
2 administration;

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

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

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

8 (C) the commissioner of administration approves the
9 participation in writing;

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

20 (5) the Department of Administration shall make available bid
21 specifications for desired insurance benefits or for administration of benefit claims and
22 payments to (A) all insurance carriers authorized to transact business in this state
23 under AS 21.09 and all hospital or medical service corporations authorized to transact
24 business under AS 21.87 who are qualified to provide the desired benefits; and (B)
25 insurance carriers authorized to transact business in this state under AS 21.09, hospital
26 or medical service corporations authorized to transact business under AS 21.87, and
27 third-party administrators licensed to transact business in this state and qualified to
28 provide administrative services; the specifications shall be made available at least once
29 every five years; the lowest responsible bid submitted by an insurance carrier, hospital
30 or medical service corporation, or third-party administrator with adequate servicing
31 facilities shall govern selection of a carrier, hospital or medical service corporation, or

1 third-party administrator under this section or the selection of an insurance carrier or a
2 hospital or medical service corporation to provide excess loss insurance as provided in
3 AS 39.30.091;

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

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

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

13 (9) for each permanent part-time employee electing coverage under
14 this section, the state shall contribute one-half the state contribution rate for permanent
15 full-time state employees, and the permanent part-time employee shall contribute the
16 other one-half;

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

25 (11) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35,
26 or former AS 39.37 may obtain long-term care insurance for that person and eligible
27 dependents under this section; a person who elects insurance under this paragraph
28 shall pay the cost of the insurance premium; the commissioner of administration shall
29 adopt regulations to implement this paragraph;

30 (12) each licensee holding a current operating agreement for a vending
31 facility under AS 23.15.010 - 23.15.210 shall be covered by the group policy that

1 applies to governmental units other than the state;

2 **(13) a group health insurance policy covering employees of a**
 3 **participating governmental unit must meet the requirements of AS 21.27.901 -**
 4 **21.27.955 and AS 21.36.126, including requirements relating to administration**
 5 **and management of pharmacy benefits under the policy.**

6 * **Sec. 16.** AS 39.30.091 is amended to read:

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

8 Notwithstanding AS 21.86.310 or AS 39.30.090, the Department of Administration
 9 may provide, by means of self-insurance, one or more of the benefits listed in
 10 AS 39.30.090(a)(1) for state employees eligible for the benefits by law or under a
 11 collective bargaining agreement and for persons receiving benefits under AS 14.25,
 12 AS 22.25, AS 39.35, or former AS 39.37, and their dependents. The department shall
 13 procure any necessary excess loss insurance under AS 39.30.090. **A self-insured**
 14 **group medical plan covering active state employees provided under this section is**
 15 **subject to the requirements of AS 21.27.901 - 21.27.955 and AS 21.36.126,**
 16 **including requirements relating to administration and management of pharmacy**
 17 **benefits under the plan.**

18 * **Sec. 17.** AS 45.50.471(b) is amended by adding a new paragraph to read:

19 (58) violating AS 21.36.126(a) (insurers and pharmacy benefits
 20 managers), if the violation is committed or performed with a frequency that indicates a
 21 general business practice.

22 * **Sec. 18.** AS 21.27.955(5) and 21.27.955(8) are repealed.

23 * **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to
 24 read:

25 **APPLICABILITY.** This Act applies to a contract between a pharmacy benefits
 26 manager and a pharmacy or pharmacist entered into, renewed, or amended on or after the
 27 effective date of this Act.

28 * **Sec. 20.** This Act takes effect July 1, 2024.