

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

March 11, 2024

3:20 p.m.

MEMBERS PRESENT

Representative Jesse Sumner, Chair
Representative Justin Ruffridge, Vice Chair
Representative Mike Prax
Representative Dan Saddler
Representative Stanley Wright
Representative Ashley Carrick
Representative Zack Fields

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 189

"An Act relating to the sale of alcohol; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 226

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

- HEARD & HELD

HOUSE BILL NO. 203

"An Act relating to wage payments."

- HEARD & HELD

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 175

"An Act relating to midwives and the practice of midwifery; relating to apprentice midwives; renaming the Board of Certified Direct-Entry Midwives as the Board of Licensed Midwives; relating to the Board of Licensed Midwives; extending the termination date of the Board of Licensed Midwives; relating to insurance; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 254

"An Act relating to liability for publishing or distributing pornography to minors on the Internet."

- MOVED HB 254 OUT OF COMMITTEE

HOUSE BILL NO. 150

"An Act relating to residential building codes; relating to construction contractors and residential contractor endorsements; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

HOUSE BILL NO. 327

"An Act relating to the Board of Massage Therapists; and providing for an effective date."

- BILL HEARING CANCELED

HOUSE BILL NO. 271

"An Act relating to social media and minors; and providing for an effective date."

- BILL HEARING RESCHEDULED TO 3/13/24

PREVIOUS COMMITTEE ACTION

BILL: HB 189

SHORT TITLE: SALE OF ALCOHOL BY UNDER 21

SPONSOR(S): LABOR & COMMERCE

05/03/23	(H)	READ THE FIRST TIME - REFERRALS
05/03/23	(H)	L&C
03/06/24	(H)	L&C AT 3:15 PM BARNES 124
03/06/24	(H)	<Bill Hearing Rescheduled to 03/08/24>
03/08/24	(H)	L&C AT 3:15 PM BARNES 124
03/08/24	(H)	Scheduled but Not Heard
03/11/24	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 226

SHORT TITLE: PHARMACIES/PHARMACISTS/BENEFITS MANAGERS

SPONSOR(S): SUMNER

01/16/24	(H)	PREFILE RELEASED 1/8/24
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01/16/24 (H) READ THE FIRST TIME - REFERRALS
 01/16/24 (H) HSS, L&C, FIN
 02/27/24 (H) HSS AT 3:00 PM DAVIS 106
 02/27/24 (H) Heard & Held
 02/27/24 (H) MINUTE (HSS)
 02/29/24 (H) HSS AT 3:00 PM DAVIS 106
 02/29/24 (H) Moved CSHB 226 (HSS) Out of Committee
 02/29/24 (H) MINUTE (HSS)
 03/04/24 (H) HSS RPT CS (HSS) 6DP 1NR
 03/04/24 (H) DP: SUMNER, RUFFRIDGE, MCCORMICK,
 SADDLER, MINA, PRAX
 03/04/24 (H) NR: FIELDS
 03/06/24 (H) L&C AT 3:15 PM BARNES 124
 03/06/24 (H) Scheduled but Not Heard
 03/11/24 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 203

SHORT TITLE: PAYMENT OF WAGES; PAYROLL CARD ACCOUNT
 SPONSOR (s): SUMNER

05/16/23 (H) READ THE FIRST TIME - REFERRALS
 05/16/23 (H) L&C
 01/26/24 (H) BILL REPRINTED
 02/09/24 (H) L&C AT 3:15 PM BARNES 124
 02/09/24 (H) -- MEETING CANCELED --
 02/16/24 (H) L&C AT 3:15 PM BARNES 124
 02/16/24 (H) -- MEETING CANCELED --
 02/23/24 (H) L&C AT 3:15 PM BARNES 124
 02/23/24 (H) Scheduled but Not Heard
 02/28/24 (H) L&C AT 3:15 PM BARNES 124
 02/28/24 (H) -- MEETING CANCELED --
 03/01/24 (H) L&C AT 3:15 PM BARNES 124
 03/01/24 (H) Scheduled but Not Heard
 03/04/24 (H) L&C AT 3:15 PM BARNES 124
 03/04/24 (H) Heard & Held
 03/04/24 (H) MINUTE (L&C)
 03/11/24 (H) L&C AT 3:15 PM BARNES 124

BILL: HB 175

SHORT TITLE: BOARD OF LICENSED MIDWIVES
 SPONSOR (s): ALLARD

04/24/23 (H) READ THE FIRST TIME - REFERRALS
 04/24/23 (H) L&C, FIN
 04/26/23 (H) SPONSOR SUBSTITUTE INTRODUCED
 04/26/23 (H) READ THE FIRST TIME - REFERRALS
 04/26/23 (H) L&C, FIN

02/21/24	(H)	L&C AT 3:15 PM BARNES 124
02/21/24	(H)	-- MEETING CANCELED --
02/23/24	(H)	L&C AT 3:15 PM BARNES 124
02/23/24	(H)	Scheduled but Not Heard
03/08/24	(H)	L&C AT 3:15 PM BARNES 124
03/08/24	(H)	Heard & Held
03/08/24	(H)	MINUTE(L&C)
03/11/24	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 254

SHORT TITLE: PROHIBIT PORNOGRAPHY TO MINORS

SPONSOR(S): VANCE

01/16/24	(H)	PREFILE RELEASED 1/12/24
01/16/24	(H)	READ THE FIRST TIME - REFERRALS
01/16/24	(H)	L&C, JUD
01/31/24	(H)	L&C AT 3:15 PM BARNES 124
01/31/24	(H)	Heard & Held
01/31/24	(H)	MINUTE(L&C)
03/06/24	(H)	L&C AT 3:15 PM BARNES 124
03/06/24	(H)	Heard & Held
03/06/24	(H)	MINUTE(L&C)
03/11/24	(H)	L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

SARENA HACKENMILLER, Staff
 Representative Jesse Sumner
 Alaska State Legislature

POSITION STATEMENT: Juneau, Alaska Presented the proposed CS for HB 189, Version S, on behalf of the House Labor and Commerce Standing Committee, sponsor by request, chaired by Representative Sumner; presented CSHB 227(L&C), on behalf of Representative Sumner, prime sponsor.

DAVID MCCARTHY, CEO
 Northern Hospitality Group;
 Owner, 49th State Brewing
 Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony in support of the proposed CS for HB 189, Version S.

DIANE THOMPSON, President
 Alaska Hospitality Retailers;
 Owner, Firetap Restaurant
 Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony in support of the proposed CS for HB 189, Version S.

CODIE COSTELLO, President/COO
Alaska Center for the Performing Arts;
General Manager, Broadway Alaska
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony in support of the proposed CS for HB 189, Version S.

BRANDY SEIGNEMARTIN, PharmD, Executive Director
Alaska Pharmacy Association
Juneau, Alaska

POSITION STATEMENT: Co-presented a PowerPoint presentation, entitled "HB 226: Transparency in Prescription Pricing & Patient Freedom of Pharmacy Choice" during the hearing on CSHB 226(HSS).

DANIEL NELSON, PharmD, Director of Pharmacy
Tanana Chiefs Conference
Fairbanks, Alaska

POSITION STATEMENT: Co-presented a PowerPoint presentation, entitled "HB 226: Transparency in Prescription Pricing & Patient Freedom of Pharmacy Choice" during the hearing on CSHB 226(HSS).

ASHLEY SCHABER, Chair
Alaska Board of Pharmacy
Anchorage, Alaska, Alaska

POSITION STATEMENT: Gave invited testimony in support of CSHB 226(HSS).

DESIREE MOLINA, Pharmacist
Three Bears Pharmacy
Mat-Su, Alaska

POSITION STATEMENT: Gave invited testimony in support of CSHB 226(HSS).

JENNIFER CAVE, Vice President
Midwives Association of Alaska;
Owner, The Nesting Place
Soldotna, Alaska

POSITION STATEMENT: Testified in support of HB 175.

BARBARA NORTON, representing self
Anchorage, Alaska

POSITION STATEMENT: Spoke in opposition to HB 175.

ACTION NARRATIVE

[3:20:31 PM](#)

CHAIR JESSE SUMNER called the House Labor and Commerce Standing Committee meeting to order at 3:20 p.m. Representatives Prax, Ruffridge, Saddler, Wright, Carrick, Fields, and Sumner were present at the call to order.

HB 189-SALE OF ALCOHOL BY UNDER 21

[3:20:58 PM](#)

CHAIR SUMNER announced that the first order of business would be HOUSE BILL NO. 189, "An Act relating to the sale of alcohol; and providing for an effective date."

[3:21:26 PM](#)

REPRESENTATIVE RUFFRIDGE moved to adopt the proposed committee substitute (CS) for HB 189, Version 33-LS0697\S, C. Radford, 1/15/24, as the working document.

CHAIR SUMNER objected.

[3:22:03 PM](#)

SARENA HACKENMILLER, Staff, Representative Jesse Sumner, on behalf of on behalf of the House Labor and Commerce Standing Committee, sponsor by request, chaired by Representative Sumner, paraphrased the sponsor statement [included in committee packet], which read as follows:

HB189 would aim to change existing Alaska statutes, that would allow employees between the ages of 18 and 20 to sell, serve, deliver, and dispense alcohol within restaurants and other specified license and endorsement types under appropriate supervision. This bill also modifies hours that a theater license holder may serve alcohol and updates alcohol warning signs content to include warnings against certain types of cancer.

Alaska is one of just three states that require employees to be over the age of 21 to sell, serve, dispense, and deliver alcohol, while 39 states allow servers to be 18-20. HB189 would create positive

change by tackling labor shortages and a high rate of turnover in industries affected by this bill. Now, 18- to 20-year-olds who wish to work in these industries will have the opportunity to move into positions that increase their earning potential. Expanding the potential workforce strengthens businesses, allowing them to operate at full capacity, leading to greater economic contributions overall.

Many establishments already implement robust training programs to ensure responsible alcohol service practices. These measures, combined with on-site supervision, could effectively ensure responsible service by young adults within these industries.

With adequate training and supervision, employees aged 18-20 can responsibly and safely handle alcohol sales and service in a controlled restaurant environment. This change would benefit Alaska's economy, alleviate labor shortages, and promote fairness within our service industry.

[3:23:58 PM](#)

MS. HACKENMILLER gave a summary of changes in Version S [included in committee packet], which read as follows:

Version B to Version S

Section 1: Specifies that the person under 21 must be employed.

Section 2: No change.

Section 3: New section. Modifies theater license statutes.

Section 4: Prior Section 3. Specifies that the person under 21 must be employed.

Section 5: Prior Section 4.

Section 6: Prior Section 5. Specifies that the person under 21 must be employed.

Section 7: Prior Section 6.

Section 8: Prior Section 7.

Section 9: New section. Updates and modifies AS 04.09.049(h).

Section 10. Prior Section 8.

Section 11: New section. Repeals AS 04.09.250(d).

Section 12. Prior Section 9. This updates the effective date to January 1, 2025.

[3:25:04 PM](#)

CHAIR SUMNER removed his objection.

REPRESENTATIVE CARRICK object for the purposes of discussion. She asked Ms. Hackenmiller to describe the modifications to section 3.

MS. HACKENMILLER said Section 3 would expand the time period in which a theater license may sell and serve alcohol and removes the intermission language.

REPRESENTATIVE CARRICK removed her objection.

[3:25:53 PM](#)

REPRESENTATIVE SADDLER objected for purposes of discussion and asked what a theater license is.

MS. HACKENMILLER did not know the answer.

REPRESENTATIVE SADDLER remove his objection. There being no further objection, Version S was adopted as the working document.

[3:26:57 PM](#)

DAVID MCCARTHY, CEO, Northern Hospitality Group; Owner, 49th State Brewing, gave invited testimony in strong support of the proposed CS for HB 189, Version S. He reported that Alaska is one of only three states that have not adopted these changes. He said hospitality is a noble career path, and the service of others is important to the health and sustainability of a community. He reported that hospitality builds self-confidence, the ability to manage people's emotions, personal

responsibility, respect, cooperation, creative thinking, problem solving, decision making, and conflict management. Further, he said the hospitality industry shatters the diversity and inclusion numbers across all other industries. He said the law would broaden skillsets, create flexible shifts and hours which creates a higher dollar return, and create a more sociable and fun job. Overall, he said passing Version S would impact communities through employment of young adults, which would develop future leaders in the community,

[3:33:18 PM](#)

DIANE THOMPSON, President, Alaska Hospitality Retailers; Owner, Firetap Restaurant, gave invited testimony in support of the proposed CS for HB 189, Version S. She reiterated that Alaska is one of three states that does not allow 18-20-year-olds to serve alcohol. Furthermore, there is a significant shortage of workers in the state. She said the bill would benefit both the employee and employer and help to keep students in Alaska by giving them employment opportunities.

[3:35:33 PM](#)

CODIE COSTELLO, President/COO, Alaska Center for the Performing Arts (PAC); General Manager, Broadway Alaska, gave invited testimony in support of the proposed CS for HB 189, Version S. She shared details about the PAC and its role as an economic engine for downtown Anchorage, highlighting the expansion of its new Broadway program. Under the current alcohol license, patrons may only consume alcohol in upper-level lobbies and within certain timeframes, and there is no alcohol allowed in theaters. Version S would provide an updated framework for the rules, provide flexibility, and elevate patrons' experience while keeping with industry trends.

[3:39:48 PM](#)

REPRESENTATIVE SADDLER asked whether other limitations are placed on younger workers aged 18-21 at the theater.

MS. COSTELLO said younger workers can be employed in the ticket office or backstage; however, they cannot work in concessions.

REPRESENTATIVE SADDLER asked where young people would be employed if the bill were to pass.

MS. COSTELLO said she could see an expansion in front-of-house services, the volunteer usher core, and concessions.

[3:41:19 PM](#)

CHAIR SUMNER announced that Version S would be held over.

HB 226-PHARMACIES/PHARMACISTS/BENEFITS MANAGERS

[3:41:30 PM](#)

CHAIR SUMNER announced that the next order of business would be HOUSE BILL NO. 226, "An Act relating to the Board of Pharmacy; relating to insurance; relating to pharmacies; relating to pharmacists; relating to pharmacy benefits managers; relating to patient choice of pharmacy; and providing for an effective date." [Before the committee was CSHB 226(HSS).]

[3:41:48 PM](#)

MS. HACKENMILLER, on behalf of Representative Sumner, prime sponsor, presented CSHB 226(HSS). She shared the sponsor statement for the bill [included in committee packet], which read as follows [original punctuation provided]:

House Bill No. 226 aims to address critical issues related to the Board of Pharmacy, insurance, pharmacies, pharmacists, and pharmacy benefits managers in the state of Alaska. This comprehensive legislation is designed to ensure patient choice of pharmacy, improve transparency and accountability in pharmacy benefit management, and enhance the standards for pharmaceutical care across the state.

HB226 emphasizes the powers of the Board of Pharmacy, including provisions for licensing, inspection, and regulation of pharmacies, pharmacists, and other entities involved in the distribution of drugs. It also seeks to establish safeguards for patient access to pharmacy services and clinician-administered drugs, while preventing unfair trade practices by insurers and pharmacy benefits managers.

This legislation introduces provisions for the reimbursement of pharmacy services, addressing issues related to national average drug acquisition cost and

dispensing fees, with the goal of ensuring fair compensation for pharmacies and pharmacists.

House Bill No. 226 is a critical step forward in promoting the best interests of patients, pharmacies, and pharmacists in Alaska. By enacting this legislation, we strive to create an environment that fosters quality pharmaceutical care, empowers patient choice, and enhances the overall integrity of pharmacy services in our state.

This legislation is scheduled to take effect on July 1, 2025, and represents a collaborative effort to modernize and improve the pharmaceutical landscape in Alaska.

[3:44:53 PM](#)

BRANDY SEIGNEMARTIN, PharmD, Executive Director, Alaska Pharmacy Association, co-presented a PowerPoint, entitled "HB 226: Transparency in Prescription Pricing & Patient Freedom of Pharmacy Choice," [hard copy included in the committee packet]. She presented an overview of the presentation on slide 2 and continued to slide 3, "What is a Pharmacy Benefit Manager (PBM)," which read as follows [original punctuation provided]:

- Third-party companies that act as intermediaries between insurance companies, drug manufacturers, pharmacies, & patients
- Created to help insurers control drug spend, but have become perversely incentivized to increase drug spend
- Why are they incentivized to increase drug spend?
 - Create and manage formularies
 - Negotiate rebates
 - Process claims
 - Manage pharmacy networks
 - Operate mail-order and "specialty" pharmacies

MS. SEIGNEMARTIN turned to slide 4, "How PBMs Impact Healthcare Costs," which read as follows [original punctuation provided]:

- How do they increase drug costs?

- Rebates and fees demanded of manufacturers for formulary placement - responsible for 42% of every dollar spent on brand medicines in the commercial market
- Incentivize spend on higher-cost drugs in order to maximize profit margin
- Reimburse self-owned pharmacies at higher rates than other pharmacies
- Invented the fallacy of "specialty" pharmacy as a guise to increase spend on higher-profit margin prescriptions that they steer to their owned pharmacies
- Spread pricing- charging the plans more for a claim and underpaying the pharmacies

[3:47:08 PM](#)

DANIEL NELSON, PharmD, Director of Pharmacy, Tanana Chiefs Conference, moved to slide 5, "PBMs are Harming Alaskans," which read as follows [original punctuation provided]:

Pharmacies across Alaska are closing - crumbling public health infrastructure due to deceptive practices by Pharmacy Benefit Managers

- 25% of independent pharmacies have closed since 2018
- Even more chain and independent pharmacies have limited staffing and hours
- Tribal health systems feel the impact on overall care

[3:48:14 PM](#)

MR. NELSON proceeded to slide 6, which featured Alaska news headlines about pharmacy closures, staffing shortages, and cyber-attacks on pharmacy benefit managers (PBM). He moved to slide 7 to discuss the vertical relationship among insurers, PBMs, specialty pharmacies, retail pharmacies, mail-order pharmacies, and providers in 2022. Slide 8 showed a pie chart of the big 3 PBMs that have market monopoly power: OptumRx, CVS, and Express Scripts.

[3:52:46 PM](#)

MS. SEIGNEMARTIN continued the presentation on slide 9 to discuss price spreading; anti-competitive, unfair trade practices; and patient steering. She said price spreading is dangerous because plan sponsors are charged significantly more, and pharmacies are paid significantly less.

[3:54:52 PM](#)

MR. NELSON shared a spread pricing example from one Alaska pharmacy on slide 10.

[3:56:25 PM](#)

MS. SEIGNEMARTIN moved to slide 11, "Spread Pricing," which read as follows [original punctuation provided]:

- Harms Alaskan employers, patients, and pharmacies
- Alaskan Employer Example
- AlaskaCare
- In other states, investigations have found that PBMs were overcharging their plans by millions of dollars
 - \$223.7 million in Ohio in one year
 - Utah uncovered \$8 per prescription average spread

[3:57:15 PM](#)

MS. SEIGNEMARTIN advanced to slide 12, "Anti-competitive, unfair trade practices," which read as follows [original punctuation provided]:

- Monopolistic practices lead to artificially inflated drug costs
- Anti-competitive practices to discourage or squash competition
- As PBMs grow in power and continue to have lack of oversight, they are crushing Alaska pharmacies with non-negotiable contracts and forcing them out of business
- Reports show that PBMs reimburse their affiliated pharmacies at much higher rates than local pharmacies

[3:58:48 PM](#)

MS. SEIGNEMARTIN turned to slide 13, "Patient Steering," which read as follows [original punctuation provided]:

PBMs steer patients to their own high-cost, low quality lower 48 mail-order pharmacies

- Causes delays in patient care, poor outcomes, increased healthcare costs
- Patients deserve the right to choose where they get their medications

[3:59:46 PM](#)

CHAIR SUMNER passed the gavel to Vice Chair Ruffridge.

[4:01:06 PM](#)

MR. NELSON moved to slide 14, "To Whom are PBMs responsible?" Slide 14 read as follows [original punctuation provided]:

Currently, the big PBMs are only beholden to their shareholders

- Should PBMs have a responsibility to the health of Alaskans?

This is not only an issue for the private sector - Tribal Health Organizations are heavily impacted

- THO pharmacies are forced to either send prescriptions out to PBM-owned mail-order pharmacies
- Or, they "eat" 100% of the cost of what should be a covered prescription

[4:02:13 PM](#)

REPRESENTATIVE FIELDS asked which section of statutes affect tribal health organizations (THO).

MR. NELSON said there's not a specific reference to THOs in the bill; nonetheless, the bill would positively impact THO's bottom line and the patients they serve.

[4:03:07 PM](#)

MS. SIEGNEMARTIN continued the presentation on slide 15, "HB 226 Provisions," which read as follows [original punctuation provided]:

Gives patients the right to access medication at a pharmacy of their choice

- Bans patient steering to PBM-owned or affiliated pharmacies

Ensures safe access to physician-administered medications

- Bans PBM-required white bagging and brown bagging

Requires a transparent reimbursement model

- Saves money for patients and plan sponsors on prescription drug spend
- Gets rid of complicated and opaque reimbursement methodologies

HB226 will:

- Ban spread pricing
- Require reimbursement floor of NADAC + dispensing fee
- Require payment parity between PBM-owned pharmacies and local pharmacies
- Fiduciary responsibility from PBMs to plan sponsors

[4:04:40 PM](#)

REPRESENTATIVE SADDLER asked Ms. Stiegnemartin to explain "white bagging" and "brown bagging."

MS. SIEGNEMARTIN defined white bagging and brown bagging as practices in which PBMs use their monopolistic power to steer the flow of prescription commerce away from local pharmacies and clinics into their own hands to allow for remuneration at a higher level. More specifically, white bagging is when the drug is sent to the mail room of the patient's clinic, as opposed to being sent through the proper supply chain, which circumvents certain protective systems. Brown bagging is when the drug is sent directly to the patient's home, which adds extra layers of product integrity issues and other safety concerns.

[4:07:29 PM](#)

REPRESENTATIVE PRAX questioned which U.S. Supreme Court decision determined that PBMs are okay.

MS. SIEGNEMARTIN answered Rutledge v. PCMA, which was a 2020 decision.

[4:09:34 PM](#)

REPRESENTATIVE SADDLER how the state got to this point.

MS. SIEGNEMARTIN analogized the Kudzu plant and explained that PBMs were intended to be an adjudication point between pharmacies and insurance companies; however, over time, their vertical integration model amassed monopolistic wealth and power that is used to steer the flow of prescription commerce. She added that many insurance companies are beholden to state laws, but third-party administrators are not regulated in the same way.

[4:12:29 PM](#)

REPRESENTATIVE FIELDS said the fiscal note from the Department of Administration (DOA) reflects a \$2 million dollar cost increase. He asked Mr. Nelson why he disagrees with the department's analysis.

MR. NELSON confirmed that he strongly disagrees with DOA because there was no consideration for the cost savings that would occur from changing the model for ingredient costs. He resumed the presentation on slide 18 which featured a bar graph of the Division of Retirement and Benefits (DRB) spend in 2022 versus the potential cost impact of HB 226. DRB spent \$277 million in 2022 [on prescriptions]. If HB 226 were to pass, Mr. Nelson estimated that the bill would save the state somewhere between \$.7 million and \$7.9 million at an average of \$4.3 million in costs savings.

[4:16:53 PM](#)

MR. NELSON shared several examples of how the bill might impact Dimethyl Fumerate and Copaxone prescription costs on slides 19-20.

[4:18:47 PM](#)

REPRESENTATIVE SADDLER asked whether HB 226 would eliminate the opportunity for specialty pharmacy cost increases.

MR. NELSON answered yes, because more local pharmacies would qualify as "specialty pharmacies" under the bill. He shared an

example of how HB 226 would save the state money on the cost of filling Ampyra prescriptions on slide 21. Slide 22 projected overall cost savings for Alaska employers of anywhere between \$4 million and \$44 million based on the National Average Drug Acquisition Cost (NADAC) high and low. He moved to slide 23, which read as follows [original punctuation provided]:

HB 226 is Pro-Alaska economy by preventing forced mail order and patient steering/coercion

HB226 would allow patients to fill prescriptions locally if they would like to

Potential to infuse \$34-\$36 million annually into Alaska's local economy for state employee/retiree prescriptions alone (based on 2022 data)

Overall positive financial impact on Alaska economy is much larger

MR. NELSON emphasized that the bill would not prevent the allowance of mail order prescription services. On slide 14, he estimated that based on the NADAC low and high, the overall gross economic infusion for Alaska without forced mail and dispensing fee would range from savings of between \$190 million to \$200 million.

[4:24:09 PM](#)

MR. NELSON concluded on slide 25 with an example of benefits that could be gained through a transparent PBM, such as OreadRx, as presented by the owner, Dr. Dared Price, at a White House listening Session.

[4:25:59 PM](#)

REPRESENTATIVE FIELDS questioned the admin fee of OreadRx.

MS. SIEGNEMARTIN did not know the answer; nonetheless, she said it is "flat and transparent," which is in direct opposition to current PBMs that use spread pricing.

REPRESENTATIVE CARRICK asked whether the flat administrative fee is statutorily set.

MR. NELSON said the flat fee is negotiated between the plan sponsor and the PBM.

[4:27:15 PM](#)

REPRESENTATIVE SADDLER sought to better understand the meaning of spread pricing.

MR. NELSON defined the "spread" as the difference between the amount negotiated between the pharmacy and the plan sponsor.

[4:28:48 PM](#)

REPRESENTATIVE PRAX asked why everyone hasn't switched to OreadRx.

MS. SIEGNEMARTIN said the answer is vertical integration. She explained that plans must sometimes pay a large fee to opt out of using the vertically integrated PDM services, which speaks to their monopolistic power. She explained that if more employers moved towards transparent PBMs - any of the 74 outside of the big three - everyone would be much better off.

MR. NELSON, in response to a follow up question from Representative Prax, added that Mark Cuban testified at the White House Listening Session about this intentionally complicated system.

[4:32:28 PM](#)

REPRESENTATIVE CARRICK asked how PBMs aren't violating Antitrust laws at the federal level if they are acting as pharmacies and manufacturers in some cases and working vertically integrated with insurance companies. She said she had seen many local pharmacies go out of business as a result of this structure and agreed that something needs to be done; however, she asked why the state is the most appropriate entity to take action.

MS. SIEGNEMARTIN said the PBMs built their vertical integration slowly over time. She explained that the Federal Trade Commission (FTC) launched an investigation into the big PBMs and sent out compensatory orders about 18 months ago. Two weeks ago, the FTC reported that the PBMs are not complying with those orders. She added that Alaska is behind the curve compared to other states.

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REPRESENTATIVE FIELDS said he is still struggling to understand the impact on Tribal health providers. If the bill were to pass, he asked whether Tribal members who are state employers would receive their medication through a Tribal pharmacy that would receive an additional dispensing fee paid through Alaska Care.

MR. NELSON characterized Alaska Medicaid as a blessing because it does not use a PBM model. However, Tribal health providers also serve tons of patients with private insurance or no insurance at all. He said the bill would still apply to these patients and make it a fair playing ground.

REPRESENTATIVE FIELDS sought to confirm that privately insured individuals using Tribal pharmacies are the primary reason that Tribal health pharmacies are interested in this bill.

MR. NELSON said that's correct.

[4:37:15 PM](#)

ASHLEY SCHABER, Chair, Alaska Board of Pharmacy, gave invited testimony in support of CSHB 226(HSS). She said the Board of Pharmacy is in unanimous support of the bill because it gives patients the right to access medications at the pharmacy of their choice if it's contracted with the PBM; provides a framework of transparency and reimbursement for pharmacies and patients; protects patient access to clinician administered medications by restriction the practices of white bagging and brown bagging; and aligns with the board's strategic plan to grow the state's economy by promoting community health and safety. She explained since the work on HB 226 began, multiple Alaska pharmacies have closed, including those providing specialized services. She said the bill would ensure that Alaska's pharmacies can continue to safely serve Alaskans.

[4:39:55 PM](#)

REPRESENTATIVE FIELDS asked Ms. Schaber whether she had reflected on how to most efficiently support community pharmacies without wasting money on larger corporations.

MS. SCHABER said the premise of the bill is to allow Alaskans to choose, so putting a limitation on that would go against the original intent of the legislation.

[4:41:08 PM](#)

DESIREE MOLINA, Pharmacist, Three Bears Pharmacy, gave invited testimony in support of CSHB 226(HSS). She shared examples of how unethical PBM practices harm Alaskans. In addition to harming Alaskans by restricting their access to lifesaving medications, PBMs are contributing to the closure of Alaska pharmacies. She said this is a health crisis and urged members to support HB 226.

[4:44:05 PM](#)

REPRESENTATIVE RUFFRIDGE announced that HB 226 would be held over.

HB 203-PAYMENT OF WAGES; PAYROLL CARD ACCOUNT

[4:44:25 PM](#)

REPRESENTATIVE RUFFRIDGE announced that the next order of business would be HOUSE BILL NO. 203, "An Act relating to wage payments."

[4:44:41 PM](#)

REPRESENTATIVE RUFFRIDGE opened public testimony on HB 203. After ascertaining that no one wished to testify, he closed public testimony and announced that the bill would be held over.

HB 175-BOARD OF LICENSED MIDWIVES

[4:45:32 PM](#)

REPRESENTATIVE RUFFRIDGE announced that the next order of business would be SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 175, "An Act relating to midwives and the practice of midwifery; relating to apprentice midwives; renaming the Board of Certified Direct-Entry Midwives as the Board of Licensed Midwives; relating to the Board of Licensed Midwives; extending the termination date of the Board of Licensed Midwives; relating to insurance; and providing for an effective date."

[4:45:49 PM](#)

REPRESENTATIVE RUFFRIDGE opened public testimony on HB 175.

[4:46:19 PM](#)

JENNIFER CAVE, Vice President, Midwives Association of Alaska; Owner, The Nesting Place, testified in support of SSHB 175. With the recent extension of the postpartum period by Medicaid to one year after birth, she said it's fitting that SSHB 175 would expand the scope to allow the one-year postpartum period. She said the bill would help ease the burden of doctors and give clients the care they need in a timely fashion. In addition, SSHB 175 would ensure that insurance companies reimburse home births in Alaska and save clients' money.

[4:50:30 PM](#)

BARBARA NORTON, representing self, spoke in opposition to SSHB 175. She said she supported the overriding of EO 130, which would disband the Board of Direct Entry Midwives (CDM); however, she said she does not support the statute changes in HB 175. She listed the following changes as "counter to common sense:" removing the doctor and nurse midwife from the board and replacing them with direct entry midwives; eliminating the need for a diploma; prohibiting regulations requiring collaboration with hospitals, doctors, or advanced nurse practitioners; removing the requirement that preceptors may not have any experience to train new midwives; removing the language that has for 32 years, recommended that women entering prenatal care, receive a physical exam by a doctor or nurse practitioner; expanding the scope of direct entry care to include preconception care. She shared an anecdote. She urged sensible direct entry midwives to get back on their board and change the regulations back to pre-2023 to ensure that the public's best interest.

[4:56:19 PM](#)

REPRESENTATIVE RUFFRIDGE closed public testimony on HB 175 and announced that the bill would be held over.

HB 254-PROHIBIT PORNOGRAPHY TO MINORS

[4:56:42 PM](#)

REPRESENTATIVE RUFFRIDGE HOUSE BILL NO. 254, "An Act relating to liability for publishing or distributing pornography to minors on the Internet."

[4:57:02 PM](#)

REPRESENTATIVE WRIGHT moved to report HB 254 out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE CARRICK objected.

[4:57:34 PM](#)

The committee took an at-ease at 4:57 p.m.

[4:58:11 PM](#)

REPRESENTATIVE CARRICK said she believed with the intent of the bill; however, the bill contains loopholes or gaps that could lead to poor outcomes.

REPRESENTATIVE FIELDS agreed that the concept of the bill is a good one, but the committee has heard little on the merits of the legislation and how it would work in the real world. For that reason, he said he would not support moving the bill out of committee at this time.

REPRESENTATIVE SADDLER said he supports the underlying effort of the bill, but he would like to know more about commercially available age verification. Nonetheless, he said he would not stand in the way of the bill's advancement.

REPRESENTATIVE CARRICK noted that she had asked about the commercially available options for verification, to which the sponsor's office responded with a list of private companies. She said she looked into the top 5 or 10 companies that were listed and found potential security issues that could impact Alaskans' identities.

[5:01:43 PM](#)

A roll call vote was taken. Representatives Prax, Saddler, Wright, and Ruffridge voted in favor of moving HB 254 from committee. Representatives Carrick and Fields voted against it. Therefore, HB 254 was reported out of the House Labor and Commerce Standing Committee by a vote of 4-2.

[5:02:16 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:02 p.m.