

**SENATE BILL NO. 134**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY SENATOR GIESSEL

Introduced: 3/18/25

Referred: Health and Social Services, Labor and Commerce

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to pharmacy benefits managers; relating to third-party**  
2 **administrators; and providing for an effective date."**

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

4 **\* Section 1.** AS 21.06.120(a) is amended to read:

5 (a) The director may examine the affairs, transactions, accounts, records, and  
6 assets of each authorized and formerly authorized insurer and each licensed and  
7 formerly licensed managing general agent, reinsurance intermediary broker,  
8 reinsurance intermediary manager, surplus lines broker, **pharmacy benefits manager,**  
9 and surplus lines association as often as the director considers advisable. In scheduling  
10 and determining the nature, scope, and frequency of examinations, the director may  
11 consider any factor or material that the director determines is appropriate, including  
12 the results of financial statement analysis and ratios, competency of management or  
13 change of ownership, actuarial opinions, reports of independent certified public  
14 accountants, number and nature of consumer complaints, results of prior examinations,

1 frequency of prior violations of statute and regulation, and criteria set out in the most  
2 recent edition of the Financial Condition Examiners Handbook and the Market  
3 Regulation Handbook approved by the National Association of Insurance  
4 Commissioners and in effect when the director conducts an examination. Examination  
5 of an alien insurer may be limited to its insurance transactions and affairs in the United  
6 States. Examination of a reciprocal insurer may also include examination of its  
7 attorney-in-fact to the extent that the transactions of the attorney-in-fact relate to the  
8 insurer.

9 \* **Sec. 2.** AS 21.06.120(d) is amended to read:

10 (d) The director may examine insurers, **third-party administrators, and**  
11 **pharmacy benefits managers** in participation with the National Association of  
12 Insurance Commissioners.

13 \* **Sec. 3.** AS 21.06.120 is amended by adding a new subsection to read:

14 (h) The director may examine a third-party administrator or pharmacy benefits  
15 manager any time the director determines that an examination or investigation is  
16 necessary.

17 \* **Sec. 4.** AS 21.06.160(a) is amended to read:

18 (a) Each person examined, other than examinations under AS 21.06.130 and  
19 examinations of managing general agents, [THIRD-PARTY ADMINISTRATORS,]  
20 reinsurance intermediary managers, motor vehicle service contract providers, or  
21 surplus lines brokers, shall pay a reasonable rate calculated on salary, benefit costs,  
22 and estimated division overhead for time spent directly or indirectly related to the  
23 examination. Each person examined, other than examinations under AS 21.06.130,  
24 shall pay actual out-of-pocket business expenses, including travel expenses, incurred  
25 by division staff examiners and shall pay the compensation of a contract examiner, to  
26 be set at a reasonable customary rate, for conducting the examination upon  
27 presentation of a detailed account of the charges and expenses by the director or under  
28 an order of the director. The director may waive payment of all or part of the actual  
29 out-of-pocket business expenses incurred by division staff examiners, or the  
30 compensation of a contract examiner, if the director determines that payment of the  
31 expenses or compensation creates a financial hardship for a managing general agent,

1 third-party administrator, reinsurance intermediary manager, motor vehicle service  
 2 contract provider, or surplus lines broker. The accounting may either be presented  
 3 periodically during the course of the examination or at the termination of the  
 4 examination. A person may not pay and an examiner may not accept additional  
 5 compensation for an examination. A person shall pay examination expenses to the  
 6 division under this subsection using an electronic payment method specified by the  
 7 director.

8 \* **Sec. 5.** AS 21.27.010(a) is amended to read:

9 (a) Except as provided otherwise in this chapter, a person may not act as or  
 10 represent to be an insurance producer, managing general agent, reinsurance  
 11 intermediary broker, reinsurance intermediary manager, surplus lines broker, **third-**  
 12 **party administrator, pharmacy benefits manager,** or independent adjuster in this  
 13 state or relative to a subject resident, located, or to be performed in this state unless  
 14 licensed under this chapter. A person may not act as or represent to be a managing  
 15 general agent, reinsurance intermediary broker, **third-party administrator,**  
 16 **pharmacy benefits manager,** or reinsurance intermediary manager representing an  
 17 insurer domiciled in this state regarding a risk located outside this state unless licensed  
 18 by this state.

19 \* **Sec. 6.** AS 21.27.010(c) is amended to read:

20 (c) A third-party administrator is not required to be licensed as a managing  
 21 general agent if the third-party administrator

22 (1) is **licensed** [REGISTERED] under **this chapter** [AS 21.27.630 -  
 23 21.27.660]; or

24 (2) only investigates and adjusts claims and is licensed under this  
 25 chapter as an independent adjuster.

26 \* **Sec. 7.** AS 21.27.010 is amended by adding a new subsection to read:

27 (d) In addition to the requirements under AS 21.27.010 - 21.27.460, a

28 (1) third-party administrator is subject to the licensing requirements  
 29 under AS 21.27.630 - 21.27.660; and

30 (2) pharmacy benefits manager is subject to the licensing requirements  
 31 under AS 21.27.901 - 21.27.955.

1 \* **Sec. 8.** AS 21.27.060(d) is amended to read:

2 (d) This section does not apply to an applicant

3 (1) for a limited license under AS 21.27.150(a)(1), (4), (5), or (8);

4 [OR]

5 (2) who, at any time within the one-year period immediately preceding  
6 the date the current pending application is received by the division, had been licensed  
7 in good standing in this state under a license requiring substantially similar  
8 qualifications as required by the license applied for; or

9 (3) who is a compliance officer for a third-party administrator or  
10 pharmacy benefits manager.

11 \* **Sec. 9.** AS 21.27.380(b) is amended to read:

12 (b) If a license is not renewed on or before the renewal date set by the director,  
13 the license expires. A licensee may not act as or represent to be an insurance producer,  
14 managing general agent, reinsurance intermediary broker, third-party administrator,  
15 pharmacy benefits manager, reinsurance intermediary manager, surplus lines broker,  
16 or independent adjuster during the time a license has expired. The director may  
17 reinstate an expired license if the person continues to qualify for the license and pays  
18 renewal license fees and a delayed renewal penalty. Reinstatement does not exempt a  
19 person from a penalty provided by law for transacting business while unlicensed. A  
20 license may not be renewed if it has expired for two years or longer.

21 \* **Sec. 10.** AS 21.27.630(a) is amended to read:

22 (a) A person may not act as or represent to be a third-party administrator in  
23 this state or relative to a subject resident, located, or to be performed in this state,  
24 unless licensed [REGISTERED] under this chapter or in another jurisdiction under  
25 AS 21.27.650. A person may not act as or represent to be a third-party administrator  
26 representing an insurer domiciled in this state regarding a risk located outside this state  
27 unless licensed [REGISTERED] by this state under the provisions of this chapter.

28 \* **Sec. 11.** AS 21.27.630(b) is amended to read:

29 (b) A third-party administrator may not transact business for a kind or class of  
30 authority for which the person is not licensed [REGISTERED].

31 \* **Sec. 12.** AS 21.27.630(c) is amended to read:

1 (c) Except as otherwise provided in this chapter, a third-party administrator  
2 shall be licensed [REGISTERED] under this chapter [AS 21.27.630 - 21.27.660]  
3 unless the third-party administrator only investigates and adjusts claims and is licensed  
4 under this chapter as an independent adjuster.

5 \* **Sec. 13.** AS 21.27.630(d) is amended to read:

6 (d) A third-party administrator may not use a fictitious name or alias unless  
7 the licensee's legal name and fictitious name or alias are on the license  
8 [REGISTRATION].

9 \* **Sec. 14.** AS 21.27.630(e) is amended to read:

10 (e) A person who is an employee of an admitted insurer, who acts within the  
11 course and scope of that employment, and within the scope of the insurer's certificate  
12 of authority is not required to be licensed [REGISTERED] under this chapter  
13 [SECTION].

14 \* **Sec. 15.** AS 21.27.630(g) is amended to read:

15 (g) A credit union or a financial institution subject to supervision or  
16 examination by federal or state banking authorities, or a mortgage lender, that  
17 performs no functions other than advancing premiums to the insurer and collecting a  
18 debt from the insured is not required to be licensed [REGISTERED] as a third-party  
19 administrator.

20 \* **Sec. 16.** AS 21.27.630(h) is amended to read:

21 (h) A credit card issuing company that performs no functions, including  
22 adjustment or settlement of claims, other than advancing and collecting premiums  
23 from its credit card holders who have authorized collection is not required to be  
24 licensed [REGISTERED] as a third-party administrator.

25 \* **Sec. 17.** AS 21.27.630(i) is amended to read:

26 (i) A person who only provides services to bona fide employee benefit plans  
27 that are established by an employer or an employee organization, or both, for which  
28 the insurance laws of this state are preempted under the Employee Retirement Income  
29 Security Act of 1974, is not required to be additionally licensed [REGISTERED] as a  
30 third-party administrator if the person certifies to the director on or before February 1  
31 of each year its exempt status.

1 \* **Sec. 18.** AS 21.27.630(j) is amended to read:

2 (j) A third-party administrator

3 [(1) SHALL APPLY FOR REGISTRATION UNDER THE  
4 PROCEDURES OF AS 21.27.040;

5 (2) SHALL RENEW ITS REGISTRATION UNDER THE  
6 PROCEDURES OF AS 21.27.380; AND

7 (3)] is subject to hearings and orders on violations; denial, nonrenewal,  
8 suspension, or revocation of **license** [REGISTRATION]; penalties; and surrender of  
9 **license** [REGISTRATION] under the procedures set out in AS 21.27.405 - 21.27.460.

10 \* **Sec. 19.** AS 21.27.630(k) is amended to read:

11 (k) An insurer that holds a certificate of authority issued by the director and is  
12 in good standing under this title is not required to be **licensed** [REGISTERED] as a  
13 third-party administrator in this state.

14 \* **Sec. 20.** AS 21.27.630(l) is amended to read:

15 (l) A person that is not required to be **licensed** [REGISTERED] as a third-  
16 party administrator under (e) - (k) of this section must file **an annual** [A] certification  
17 with the director that the person meets the requirements for exemption **on or before**  
18 **February 1 of each year**.

19 \* **Sec. 21.** AS 21.27.630(m) is amended to read:

20 (m) A person who is an employee of a third-party administrator and who acts  
21 within the course and scope of that employment and within the scope of the written  
22 contract required under AS 21.27.650(a)(4) is not required to be **licensed**  
23 [REGISTERED] as a third-party administrator under this section **unless that person**  
24 **is the designated compliance officer under AS 21.27.640(b)(6)**. The third-party  
25 administrator is responsible for the acts of its employees regulated under this title.

26 \* **Sec. 22.** AS 21.27.640(a) is amended to read:

27 (a) The director may not issue or renew a **license** [REGISTRATION] except  
28 in compliance with this chapter and may not issue a **license** [REGISTRATION] to a  
29 person, or to be exercised by a person, found by the director to be untrustworthy,  
30 incompetent, financially irresponsible, or who has not established to the satisfaction of  
31 the director that the person is qualified under this chapter.

1 \* **Sec. 23.** AS 21.27.640(b) is amended to read:

2 (b) To qualify for issuance or renewal of a **license** [REGISTRATION], an  
3 applicant or **licensee** [REGISTRANT] shall comply with this title, regulations adopted  
4 under AS 21.06.090, and

5 (1) be a trustworthy person;

6 (2) have active working experience in administrative functions that, in  
7 the director's opinion, exhibits the ability to competently perform the administrative  
8 functions of a third-party administrator;

9 (3) not have committed an act that is a cause for denial, nonrenewal,  
10 suspension, or revocation of a registration or license in this state or another  
11 jurisdiction;

12 (4) maintain a lawfully established place of business as described in  
13 AS 21.27.330 in this state, unless licensed as a nonresident under AS 21.27.270;

14 (5) disclose to the director all owners, officers, directors, or partners, if  
15 any;

16 (6) designate a compliance officer for the firm;

17 (7) provide in or with its application

18 (A) all basic organizational documents of the third-party  
19 administrator, including articles of incorporation, articles of association,  
20 partnership agreement, trade name certificate, trust agreement, shareholder  
21 agreement, and other applicable documents and all endorsements to the  
22 required documents;

23 (B) the bylaws, rules, regulations, or similar documents  
24 regulating the internal affairs of the administrator;

25 (C) the names, mailing addresses, physical addresses, official  
26 positions, and professional qualifications of persons who are responsible for  
27 the conduct of affairs of the third-party administrator, including the members  
28 of the board of directors, board of trustees, executive committee, or other  
29 governing board or committee; the principal officers in the case of a  
30 corporation, or the partners or members in the case of a partnership, limited  
31 liability company, limited liability partnership, or association; shareholders

1 holding directly or indirectly 10 percent or more of the voting securities of the  
 2 third-party administrator; and any other person who exercises control or  
 3 influence over the affairs of the third-party administrator;

4 (D) certified financial statements for the preceding two years,  
 5 or for each year and partial year that the applicant has been in business if less  
 6 than two years, prepared by an independent certified public accountant  
 7 establishing that the applicant is solvent, that the applicant's system of  
 8 accounting, internal control, and procedure is operating effectively to provide  
 9 reasonable assurance that money is promptly accounted for and paid to the  
 10 person entitled to the money, and any other information that the director may  
 11 require to review the current financial condition of the applicant; and

12 (E) a statement describing the business plan, including  
 13 information on staffing levels and activities proposed in this state and in other  
 14 jurisdictions and providing details establishing the third-party administrator's  
 15 capability for providing a sufficient number of experienced and qualified  
 16 personnel in the areas of claims handling, underwriting, and record keeping;

17 (8) provide to the director documents necessary to verify the  
 18 statements contained in or in connection with the application; and

19 (9) notify the director, in writing, not later than 30 days after

20 (A) a change in compliance officer, residence, place of  
 21 business, mailing address, or phone number;

22 (B) the final disposition of an administrative action taken  
 23 against the **licensee** [REGISTRANT] by a governmental agency of another  
 24 state, by a governmental agency of another jurisdiction, or by a financial  
 25 industry regulatory authority sanction or arbitration proceeding; in addition, a  
 26 **licensee** [REGISTRANT] shall submit to the director documents relating to the  
 27 final disposition on, including the final order and other relevant legal  
 28 documents in, the action; or

29 (C) a conviction of a misdemeanor or felony of the third-party  
 30 administrator, its officers, directors, partners, owners, or employees.

31 \* **Sec. 24.** AS 21.27.640(d) is amended to read:

1 (d) If the director finds that the applicant or **licensee** [REGISTRANT] is  
 2 qualified and that application, **license** [REGISTRATION], or renewal fees have been  
 3 paid, the director may issue or renew the **license** [REGISTRATION].

4 \* **Sec. 25.** AS 21.27.650(a) is amended to read:

5 (a) An insurer may not transact business with a third-party administrator  
 6 unless

7 (1) the insurer holds a certificate of authority in this state if required  
 8 under this title;

9 (2) the third-party administrator is **licensed** [REGISTERED] under  
 10 this chapter [OR THE THIRD-PARTY ADMINISTRATOR HAS FILED A  
 11 CERTIFICATION WITH THE DIRECTOR CERTIFYING THAT THE THIRD-  
 12 PARTY ADMINISTRATOR IS OPERATING ONLY FOR A FOREIGN INSURER  
 13 OTHER THAN A SELF-FUNDED MULTIPLE EMPLOYER WELFARE  
 14 ARRANGEMENT REGULATED UNDER AS 21.85 AND IS REGISTERED AS A  
 15 THIRD-PARTY ADMINISTRATOR BY THE THIRD-PARTY  
 16 ADMINISTRATOR'S RESIDENT INSURANCE REGULATOR IN A STATE  
 17 THAT THE DIRECTOR HAS DETERMINED HAS ENACTED PROVISIONS  
 18 SUBSTANTIALLY SIMILAR TO THOSE CONTAINED IN AS 21.27.630 -  
 19 21.27.650 AND THAT IS ACCREDITED BY THE NATIONAL ASSOCIATION OF  
 20 INSURANCE COMMISSIONERS];

21 (3) the third-party administrator provides the director on January 1,  
 22 April 1, July 1, and October 1 of each year

23 (A) a list of persons who supervise or have responsibility over  
 24 personnel performing administrative functions, including claims administration  
 25 and payment, marketing administrative functions, premium accounting,  
 26 premium billing, coverage verification, underwriting, or certificate issuance  
 27 upon a subject resident, located, or to be performed in this state;

28 (B) a list of current insurers under contract; and

29 (C) other information the director may require;

30 (4) a written contract is in effect between the parties that establishes  
 31 the responsibilities of each party, indicates both parties' share of responsibility for a

1 particular function, and specifies the division of responsibilities;

2 (5) there is in effect a written contract between the insurer and third-  
3 party administrator that contains the following provisions:

4 (A) the insurer may terminate the contract for cause upon  
5 written notice sent by certified mail to the third-party administrator and may  
6 suspend the underwriting authority of the third-party administrator during a  
7 dispute regarding the cause for termination; but the insurer must fulfill all  
8 lawful obligations with respect to policies affected by the written agreement,  
9 regardless of any dispute between the insurer and the third-party administrator;

10 (B) the third-party administrator shall render accounts to the  
11 insurer detailing all transactions and remit all money due under the contract to  
12 the insurer at least monthly;

13 (C) all money collected for the account of an insurer shall be  
14 held by the third-party administrator as a fiduciary;

15 (D) all payments on behalf of the insurer shall be held by the  
16 third-party administrator as a fiduciary;

17 (E) the third-party administrator may not retain more than three  
18 months' estimated claims payments and allocated loss adjustment expenses;

19 (F) the third-party administrator shall maintain separate records  
20 for each insurer in a form usable by the insurer; the insurer or its authorized  
21 representative shall have the right to audit and the right to copy all accounts  
22 and records related to the insurer's business; the director, in addition to other  
23 authority granted in this title, shall have access to all books, bank accounts, and  
24 records of the third-party administrator in a form usable to the director; any  
25 trade secrets contained in books and records reviewed by the director,  
26 including the identity and addresses of policyholders and certificate holders,  
27 shall be kept confidential, except that the director may use the information in a  
28 proceeding instituted against the third-party administrator or the insurer;

29 (G) the contract may not be assigned in whole or in part by the  
30 third-party administrator;

31 (H) if the contract permits the third-party administrator to do

1 underwriting, the contract must include the following:

2 (i) the third-party administrator's maximum annual  
3 premium volume;

4 (ii) the rating system and basis of the rates to be  
5 charged;

6 (iii) the types of risks that may be written;

7 (iv) maximum limits of liability;

8 (v) applicable exclusions;

9 (vi) territorial limitations;

10 (vii) policy cancellation provisions;

11 (viii) the maximum policy term; and

12 (ix) that the insurer shall have the right to cancel or not  
13 renew a policy of insurance subject to applicable state law;

14 (I) if the contract permits the third-party administrator to  
15 administer claims on behalf of the insurer, the contract must include the  
16 following:

17 (i) written settlement authority must be provided by the  
18 insurer and may be terminated for cause upon the insurer's written  
19 notice sent by certified mail to the third-party administrator or upon the  
20 termination of the contract, but the insurer may suspend the settlement  
21 authority during a dispute regarding the cause of termination;

22 (ii) claims shall be reported to the insurer within 30  
23 days;

24 (iii) a copy of the claim file shall be sent to the insurer  
25 upon request or as soon as it becomes known that the claim has the  
26 potential to exceed an amount determined by the director or exceeds the  
27 limit set by the insurer, whichever is less, involves a coverage dispute,  
28 may exceed the third-party administrator's claims settlement authority,  
29 is open for more than six months, involves extra contractual  
30 allegations, or is closed by payment in excess of an amount set by the  
31 director or an amount set by the insurer, whichever is less;

1 (iv) each party to the contract shall comply with unfair  
2 claims settlement statutes and regulations;

3 (v) transmission of electronic data must occur at least  
4 monthly if electronic claim files are in existence; and

5 (vi) claim files shall be the sole property of the insurer;  
6 upon an order of liquidation of the insurer, the third-party administrator  
7 shall have reasonable access to and the right to copy the files on a  
8 timely basis; and

9 (J) the contract may not provide for commissions, fees, or  
10 charges contingent upon savings obtained in the adjustment, settlement, and  
11 payment of losses covered by the insurer's obligations; but a third-party  
12 administrator may receive performance-based compensation for providing  
13 hospital or other auditing services or may receive compensation based on  
14 premiums or charges collected or the number of claims paid or processed.

15 \* **Sec. 26.** AS 21.27.650(q) is amended to read:

16 (q) The director may, without advance notice or hearing, immediately suspend  
17 by order the **license** [REGISTRATION] of a third-party administrator if the director  
18 finds that one or more of the following circumstances exist:

19 (1) the third-party administrator is insolvent or impaired;

20 (2) a proceeding for bankruptcy, receivership, conservatorship, or  
21 rehabilitation, or another delinquency proceeding regarding the third-party  
22 administrator has been commenced in any state or by a governmental agency of  
23 another jurisdiction;

24 (3) the third-party administrator is in an unsound condition, or is in a  
25 condition or using methods or practices that render its further transaction of insurance  
26 injurious to policy holders or the public.

27 \* **Sec. 27.** AS 21.27.901 is amended to read:

28 **Sec. 21.27.901. Licensure [REGISTRATION] of pharmacy benefits**  
29 **managers; scope of business practice.** (a) A person may not conduct business in the  
30 state as a pharmacy benefits manager unless the person is **licensed** [REGISTERED]  
31 with the director.

1 (b) A pharmacy benefits manager **licensed** [REGISTERED] under this section  
2 may

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

6 (2) contract with network pharmacies.

7 (c) A pharmacy benefits manager

8 (1) shall apply for **license** [REGISTRATION] following the same  
9 procedures for licensure set out in AS 21.27.040;

10 (2) is subject to hearings and orders on violations; denial, nonrenewal,  
11 suspension, or revocation of **license** [REGISTRATION]; penalties; and surrender of  
12 **license** [REGISTRATION] under the procedures set out in AS 21.27.405 - 21.27.460.

13 (d) Each day that a pharmacy benefits manager conducts business in the state  
14 as a pharmacy benefits manager without being **licensed** [REGISTERED] is a separate  
15 violation of this section, and each separate violation is subject to the maximum civil  
16 penalty under AS 21.97.020.

17 \* **Sec. 28.** AS 21.27 is amended by adding new sections to read:

18 **Sec. 21.27.903. Pharmacy benefit manager qualifications.** (a) An  
19 application for a pharmacy benefits manager license must be in a form prescribed by  
20 the director.

21 (b) The director may only issue or renew a license if the director is satisfied  
22 that the applicant is a trustworthy person. The director may not issue a license to an  
23 applicant who has committed an act that is a cause for denial, nonrenewal, suspension,  
24 or revocation of a registration or license in this state or another jurisdiction.

25 (c) An application must disclose

26 (1) information concerning the identity, professional history,  
27 professional experience, and background history of all owners, officers, directors, or  
28 partners;

29 (2) any administrative action taken against the owners, officers,  
30 directors, or partners by a governmental agency of this or another jurisdiction and any  
31 sanction imposed by a financial industry regulatory authority or arbitration

1 proceeding;

2 (3) any criminal prosecution in this state or another state or jurisdiction  
3 of an owner, officer, director, or partner; the application must include the criminal  
4 complaint, calendaring order, and other relevant legal documents.

5 (d) An application must designate a compliance officer for the pharmacy  
6 benefits manager and include the name, business address, telephone number,  
7 electronic mailing address, professional experience, and information concerning the  
8 background history of the officer.

9 (e) An application must include

10 (1) the required application fee;

11 (2) the organizational documents of the pharmacy benefits manager,  
12 including articles of incorporation, articles of association, partnership agreement, trade  
13 name certificate, trust agreement, shareholder agreement, and other applicable  
14 documents, as well as the endorsements to the required documents;

15 (3) the name and address of the pharmacy benefits manager's agent for  
16 service of process in the state;

17 (4) the bylaws, rules, regulations, or similar documents regulating the  
18 internal affairs of the pharmacy benefits manager;

19 (5) the name, electronic mailing address, physical address, official  
20 position, and professional qualifications of each person who is responsible for the  
21 conduct of affairs of the pharmacy benefits manager, including the board of directors,  
22 board of trustees, executive committee, or other governing board or committee; the  
23 principal officers in the case of a corporation, or the partners or members in the case of  
24 a partnership, limited liability company, limited liability partnership, or association;  
25 shareholders holding directly or indirectly 10 percent or more of the voting securities  
26 of the pharmacy benefits manager; and any other person who exercises control or  
27 influence over the affairs of the pharmacy benefits manager;

28 (6) certified financial statements for the preceding two years, or for  
29 each year and partial year that the applicant has been in business if less than two years,  
30 prepared by an independent certified public accountant establishing that the applicant  
31 is solvent, that the applicant's system of accounting, internal control, and procedure is

1 operating effectively to provide reasonable assurance that money is promptly  
 2 accounted for and paid to the person entitled to the money, and any other information  
 3 that the director may require to review the current financial condition of the applicant.

4 **Sec. 21.27.904. Pharmacy benefit manager required notifications.** (a) A  
 5 licensed pharmacy benefit manager shall notify the director in writing, not later than  
 6 30 days after

7 (1) a change in the information contained within the licensee's license,  
 8 place of business, electronic mailing address, physical mailing address, or telephone  
 9 number;

10 (2) a change in compliance officer, residence, place of business,  
 11 mailing address, or phone number;

12 (3) the final disposition of an administrative action taken against the  
 13 licensee by a governmental agency of another state, by a governmental agency of  
 14 another jurisdiction, or by a financial industry regulatory authority sanction or  
 15 arbitration proceeding; in addition, a licensee shall submit to the director documents  
 16 relating to the final disposition on, including the final order and other relevant legal  
 17 documents in, the action; or

18 (4) a conviction of a misdemeanor or felony of the pharmacy benefits  
 19 manager, its officers, designated compliance officer, directors, partners, or owners.

20 (b) Failure to provide the information required under this section within 30  
 21 days is cause for denial, revocation, or suspension of license.

22 \* **Sec. 29.** AS 21.27.905 is amended to read:

23 **Sec. 21.27.905. Renewal of license [REGISTRATION].** (a) A pharmacy  
 24 benefits manager shall biennially renew a license [REGISTRATION] with the director  
 25 following the procedures for license renewal in AS 21.27.380.

26 (b) To renew a license [REGISTRATION] under this section, a pharmacy  
 27 benefits manager shall pay a renewal fee established by the director. The director shall  
 28 set the amount of the renewal fee to allow the renewal and oversight activities of the  
 29 division to be self-supporting.

30 \* **Sec. 30.** AS 21.27.905 is amended by adding a new subsection to read:

31 (c) The fees required under (b) of this section must include fees to cover the

1 cost of

2 (1) salaries and benefits paid to the personnel of the division engaged  
3 in the enforcement of this chapter;

4 (2) reasonable technology costs related to the enforcement process,  
5 including the actual cost of software and hardware used in the enforcement process  
6 and the cost of training personnel in the proper use of the software or hardware; and

7 (3) reasonable education and training costs incurred by the division to  
8 maintain the proficiency and competence of the enforcing personnel.

9 \* **Sec. 31.** AS 21.27.975(15) is amended to read:

10 (15) "pharmacy benefits manager" means a person that contracts with a  
11 pharmacy on behalf of an insurer to process claims or pay pharmacies for prescription  
12 drugs or medical devices and supplies or provide network management for pharmacies  
13 **regardless of ownership of the pharmacy benefits manager;**

14 \* **Sec. 32.** AS 21.27.630(f) is repealed.

15 \* **Sec. 33.** This Act takes effect January 1, 2026.