

HOUSE CS FOR SENATE BILL NO. 134(HSS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE HEALTH AND SOCIAL SERVICES COMMITTEE

Offered: 5/16/25

Referred: Rules

Sponsor(s): SENATOR GIESSEL

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 **on**
 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 telephone 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 21.36.520(a) is amended to read:

15 (a) An insurer providing a health care insurance policy or its pharmacy
16 benefits manager may not

17 (1) interfere with a covered person's right to choose a pharmacy or
18 provider;

19 (2) interfere with a covered person's right of access to a clinician-
20 administered drug;

21 (3) interfere with the right of a pharmacy or pharmacist to participate
22 as a network pharmacy;

23 (4) reimburse a pharmacy or pharmacist an amount less than the
24 amount the pharmacy benefits manager reimburses an affiliate for providing the same
25 pharmacy services, calculated on a per-unit basis using the same generic product
26 identifier or generic code number;

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

30 (6) use a covered person's pharmacy services data collected under the
31 provision of claims processing services for the purpose of soliciting, marketing, or

1 referring the person to an affiliate of the pharmacy benefits manager;

2 (7) prohibit or limit a pharmacy from mailing, shipping, or delivering
3 drugs to a patient as an ancillary service; however, the insurer or its pharmacy benefits
4 manager

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

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

10 (i) maintains a mailing or shipping log signed by a
11 representative of the pharmacy or keeps a record of each notification of
12 delivery provided by the United States mail or a package delivery
13 service; and

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

17 (8) prohibit or limit a network pharmacy from informing an insured
18 person of the difference between the out-of-pocket cost to the covered person to
19 purchase a drug, medical device, or supply using the covered person's pharmacy
20 benefits and the pharmacy's usual and customary charge for the drug, medical device,
21 or supply;

22 (9) conduct or participate in spread pricing in the state;

23 (10) assess, charge, or collect a form of remuneration that passes from
24 a pharmacy or a pharmacist in a pharmacy network to the pharmacy benefits manager,
25 including claim processing fees, performance-based fees, network participation fees,
26 or accreditation fees;

27 (11) reverse and resubmit the claim of a pharmacy more than 90 days
28 after the date the claim was first adjudicated, and may not reverse and resubmit the
29 claim of a pharmacy unless the insurer or pharmacy benefits manager

30 (A) provides prior written notification to the pharmacy;

31 (B) has just cause;

1 (C) first attempts to reconcile the claim with the pharmacy; and
2 (D) provides to the pharmacy, at the time of the reversal and
3 resubmittal, a written description that includes details of and justification for
4 the reversal and resubmittal;

5 **(12) prohibit or limit a pharmacy from collecting a fee from a**
6 **covered person for a service or product not covered by the covered person's**
7 **health care insurance policy.**

8 * **Sec. 33.** AS 21.27.630(f) is repealed.

9 * **Sec. 34.** This Act takes effect January 1, 2026.