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Governor Mike Dunleavy
STATE OF ALASKA

September 3, 2024

The Honorable Cathy Tilton
Speaker of the House
Alaska State Legislature
Capitol Building, Room 208
Juneau, AK 99801-1182

Dear Speaker Tilton:

Under the authority vested in me by Article II, Section 15 of the Alaska Constitution, I have vetoed the following bill:

SCS CSHB 17(L&C)

"An Act relating to insurance coverage for contraceptives and related services; relating to medical assistance coverage for contraceptives and related services; and providing for an effective date."

The bill sets the standards under which the State may enforce the coverage requirements for contraceptive methods. Contraceptives are widely available, and compelling insurance companies to provide mandatory coverage for a year is bad policy. Accordingly, I have vetoed this bill.

Sincerely,

Mike Dunleavy
Governor

Enclosure

LAWS OF ALASKA

2024

Source
SCS CSHB 17(L&C)

Chapter No.

AN ACT

Relating to insurance coverage for contraceptives and related services; relating to medical assistance coverage for contraceptives and related services; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

AN ACT

Relating to insurance coverage for contraceptives and related services; relating to medical assistance coverage for contraceptives and related services; and providing for an effective date.

*** Section 1.** AS 21.42 is amended by adding a new section to read:

Sec. 21.42.427. Coverage for contraceptives. (a) A health care insurer that offers, issues for delivery, delivers, or renews in the state a health care insurance plan in the group or individual market shall

(1) provide coverage for

(A) prescription contraceptives; and

(B) consultations, examinations, procedures, and medical services that are necessary to prescribe, dispense, insert, deliver, distribute, administer, or remove the drugs, devices, and other products or services provided under this paragraph;

(2) reimburse a health care provider or dispensing entity for dispensing

prescription contraceptives intended to last for a 12-month period for subsequent dispensings of the same prescription contraceptive to the insured regardless of whether the insured was enrolled in the health care insurance plan at the time of the first dispensing.

(b) A health care insurer may not deny coverage or reimbursement under (a) of this section because an insured changed contraceptive methods within a 12-month period.

(c) Except as provided in (d) of this section, a health care insurer may not require cost sharing for contraceptives or services covered under (a) of this section when provided by a participating health care provider or dispensing entity.

(d) A health care insurer shall establish cost sharing for the coverage provided under (a) of this section to the extent necessary to qualify a plan as a high deductible health plan eligible for a health savings account tax deduction under 26 U.S.C. 223 (Internal Revenue Code).

(e) A health care insurer that applies medical management techniques, including step therapy or prior authorization, must provide without delay a simple and easy-to-understand exception procedure for a covered person to access contraceptives covered under (a) of this section.

(f) If the covered therapeutically equivalent version of a prescription contraceptive is not available or is considered medically inadvisable by the health care provider of the insured, a health care insurer shall provide coverage without cost sharing for an alternative therapeutically equivalent version of the prescription contraceptive that is prescribed by a participating health care provider for the insured.

(g) A health care insurer shall provide coverage and reimbursement under (a) of this section to all insureds enrolled in a health care insurance plan, including enrolled spouses and dependents.

(h) A health care insurer that offers, issues for delivery, delivers, or renews in the state a health care insurance plan in the group market to a religious employer is exempt from the requirements of this section with respect to the health care insurance plan of the religious employer if the religious employer opposes the coverage required under this section and is an organization that meets the criteria set out in 26 U.S.C.

6033(a)(3)(A)(i) or (iii) (Internal Revenue Code of 1986), as amended.

(i) When enforcing health care insurance coverage regarding contraceptive methods as provided in this section in a manner that burdens a person's religious practices, the state must demonstrate that enforcement is

(1) in furtherance of a compelling government interest; and

(2) the least restrictive means of furthering that interest.

(j) In this section, "prescription contraceptive" means a drug or device that requires a prescription and is approved by the United States Food and Drug Administration to prevent pregnancy.

* **Sec. 2.** AS 29.10.200 is amended by adding a new paragraph to read:

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

* **Sec. 3.** AS 29.20 is amended by adding a new section to article 5 to read:

Sec. 29.20.420. Health insurance policies. (a) If a municipality offers a group health care insurance plan covering municipal employees, including by means of self-insurance, the municipal health care insurance plan is subject to the requirements of AS 21.42.427.

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

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

* **Sec. 4.** AS 39.30.090(a) is amended to read:

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

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

(2) each eligible employee of the state, the spouse and the unmarried children chiefly dependent on the eligible employee for support, and each eligible

employee of another participating governmental unit shall be covered by the group policy, unless exempt under regulations adopted by the commissioner of administration;

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

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

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

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

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

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

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

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

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

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

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

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

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

(12) each licensee holding a current operating agreement for a vending

facility under AS 23.15.010 - 23.15.210 shall be covered by the group policy that applies to governmental units other than the state;

(13) a group health insurance policy covering employees of a participating governmental unit must meet the requirements of AS 21.42.427.

*** Sec. 5.** AS 39.30.091 is amended to read:

Sec. 39.30.091. Authorization for self-insurance and excess loss insurance. Notwithstanding AS 21.86.310 or AS 39.30.090, the Department of Administration may provide, by means of self-insurance, one or more of the benefits listed in AS 39.30.090(a)(1) for state employees eligible for the benefits by law or under a collective bargaining agreement and for persons receiving benefits under AS 14.25, AS 22.25, AS 39.35, or former AS 39.37, and their dependents. The department shall procure any necessary excess loss insurance under AS 39.30.090. **A self-insured group medical plan covering active state employees provided under this section is subject to the requirements of AS 21.42.427.**

*** Sec. 6.** AS 47.07.065 is amended by adding new subsections to read:

(c) The department shall pay for

(1) prescription contraceptives intended to last for a 12-month period for subsequent dispensings of the same prescription contraceptive if prescribed to and requested by the recipient, regardless of whether the recipient was receiving medical assistance at the time of the first dispensing; and

(2) consultations, examinations, procedures, and medical services that are necessary to

(A) prescribe, dispense, insert, distribute, or administer prescription contraceptives; or

(B) remove prescription contraceptives.

(d) Nothing in this section requires itemized reimbursement when a service is reimbursable as part of a bundled or composite rate.

(e) In this section, "prescription contraceptive" means a drug or device that requires a prescription and is approved by the United States Food and Drug Administration to prevent pregnancy.

*** Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to

read:

MEDICAID STATE PLAN FEDERAL APPROVAL. To the extent necessary to implement this Act, the Department of Health shall amend and submit for federal approval the state plan for medical assistance coverage consistent with AS 47.07.065(c) - (e), enacted by sec. 6 of this Act.

*** Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CONDITIONAL EFFECT; NOTIFICATION. (a) Section 6 of this Act takes effect only if, on or before January 1, 2026, the United States Department of Health and Human Services

(1) approves the amendments to the state plan for medical assistance coverage under AS 47.07.065(c) - (e), enacted by sec. 6 of this Act; or

(2) determines that its approval of the amendments to the state plan for medical assistance coverage under AS 47.07.065(c) - (e), enacted by sec. 6 of this Act, is not necessary.

(b) The commissioner of health shall notify the revisor of statutes in writing within 30 days after the United States Department of Health and Human Services approves amendments to the state plan under (a)(1) of this section or determines that approval is not necessary under (a)(2) of this section.

*** Sec. 9.** Section 1 of this Act takes effect January 1, 2025.

AUTHENTICATION

The following officers of the Legislature certify that the attached enrolled bill, SCS CSHB 17(L&C), consisting of 7 pages, was passed in conformity with the requirements of the constitution and laws of the State of Alaska and the Uniform Rules of the Legislature.

Passed by the House May 10, 2024

Cathy L. Tilton, Speaker of the House

ATTEST:

Crystaline Jones, Chief Clerk of the House

Passed by the Senate May 9, 2024

Gary Stevens, President of the Senate

ATTEST:

Liz Clark, Secretary of the Senate

Vetoed
Approved by the Governor September 3 20 24

Mike Dunleavy, Governor of Alaska