

Good afternoon Mr. Chairman and members of the committee.

My name is Allie Jo Shipman, and I am speaking on behalf of the National Community Pharmacists Association in strong support of House Bill 240. NCPA represents the interests of America's community pharmacists, including the owners of more than 22,000 independent community pharmacies across the United States and in Alaska. NCPA has long championed the need for greater oversight of pharmacy benefits managers (PBMs) and many of their questionable business practices due to the problems our members and their patients encounter.

While there is a wealth of information I could provide in support of the provisions included in House Bill 240, my testimony today will focus on information related to the fiscal impact of the bill on the state.

The PBM industry continues to claim that requiring greater transparency and reporting of generic drug prices will result in increased costs to the state and the overall healthcare system. NCPA asserts that reporting of such information would not increase costs, and we offer the following information from independent and reputable sources as support:

The U.S. Center for Medicare and Medicaid Services, or CMS, has said the following about generic drug pricing transparency:

- “Updating maximum allowable cost prices for drugs at least every 7 days generally should have a downward pressure on overall drug costs.”
- “We [CMS] do not agree with the commenters that the requirement will necessarily increase costs”

Consumers Union has said the following:

- “Audits and industry analysts have found some PBMs pocketing 50 percent or more of the price difference between what the PBM actually pays a pharmacy for prescriptions and what they charge their clients – the employer and consumer.”
- “...today's complex and opaque contract arrangements and pricing spreads increase costs to employers and health plan enrollees, and can lead to formulary designs that inappropriately incentivize consumers toward or away from certain medication choices.”

The U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center of Health Statistics, has said the following:

- “Approximately 10 percent of our nation's health spending is for outpatient prescription drugs and clear, transparent information about clinical effectiveness and pricing are paramount in ensuring that we spend this money wisely. But ... the opaque business practices that are commonplace in the PBM industry can result in unfair arrangements between employers and PBMs. Lacking a ready ability to audit these business practices, the arrangements can drive up costs for both employers and consumers, and has the potential to put the wrong prescription drugs into consumers' hands.”

None of these comments are pharmacy funded or biased, yet all conclude that increasing transparency for generic drug pricing or contracting would NOT result in a cost increase, but instead that the current non-transparent system is resulting in millions of dollars blindly going to PBMs.

Also, to our knowledge, none of the 34 states that have already enacted similar legislation have reported a negative fiscal impact or repealed the law due to costs. In fact, several of those states have decided to STRENGTHEN provisions in the laws they already have.

In conclusion, we believe House Bill 240 would not drive up costs for the state. We believe it would simply allow for a reasonable degree of transparency and reporting so that Alaska's small business owners and health care providers have access to pricing lists that accurately reflect current marketplace figures.

Thank you.