

Ron's Apothecary Inc.

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Public Testimony SSSB 8

Please accept this written word into public testimony for Senate Labor & Commerce Hearing of April 3, 2013 as I was unable to call in before the meeting adjourned.

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1. Thank you Chairman Dunleavy. For the record my name is Scott Watts and I've been a Pharmacist in Juneau for 24 years, the last 12 as owner and pharmacist of Ron's Apothecary Shoppe. Thank you for your time.

2. I am calling in for support of SB8. Audits are needed for Employers, Insurance companies and for PBMs to prevent and detect fraud waste and abuse, especially that which causes financial harm, from a health care provider, including pharmacies. SB8 is needed on the other side to protect the pharmacy from abusive audit practices. Currently the rules of the audit are written by the PBM with no oversight to protect those that they are auditing. Pharmacies have little to no chance of negotiating a contract, especially the fine print of the audit procedures. This just lays a simple fair foundation for both sides to follow and does nothing to prevent a PBM from detecting fraud, waste or abuse.

3. Passage of this bill will not increase the cost to health plans. This bill will not change the PBM's ability to detect and stop FWA. This bill will help stop abusive audit practices and prevent unwarranted recoupment of prescription claims that had no negative financial impact on the plan. In February of this year, CMS recognized that audits within their drug program (by the same PBM's that we deal with in Alaska) were not focusing on their intended use to identify Fraud and financial harm rather were targeting on routine clerical errors. An example from our pharmacy---Last year we were given notice of audit from large PBM April 2013, w/letter of final results in November. The audit looked at prescriptions dispensed in 2011. The pharmacy was accused of modifying the quantity dispensed for a financial gain to pharmacy for 32 prescriptions (of the 33,000 dispensed thru the year). Recovery amount according to PBM was \$6,700. Of the 32 rxs, they cited 19 prescriptions that had an incorrect days supply. Rather than the PBM's desired 84 days supply the pharmacy had 83 days. Because of the "incorrect" days' supply they wanted the entire amount of the prescription-the cost of medication and our \$2.50 dispensing fee for a total of \$3,312 for these 19rxs even though the correct patient, received the correct drug, in the correct quantity, as prescribed by the Dr. in the appropriate time. As can be seen, the vast majority of this money is for the cost of the medication that we have already purchased from our wholesaler and dispensed in good faith that we would get payment to cover those costs. Fortunately we were given 30 days to explain this line by line with final result of decisions reversed and no monies due. Although I feel it is unfair to expect total monetary recoupment of a prescription due to clerical errors, this PBM at least allowed us the time to appeal but unfortunately that is time away from patient care. Right now there is no guarantee of a fair audit process, SB8 would provide that for us.

4. Summary: This bill is about fairness, not about increasing expenses. We have audits to protect health plans from FWA, we as providers need this bill as a protection against abusive audit practices.

If there are any questions or further clarifications needed please contact me at apothrx@gci.net or 907-789-0458.

Sincerely,

Scott Watts R.Ph.
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