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Senator Cathy Giessel
Capital Building Room 427
Juneau, AK 99801

Senator Giessel,

First I thank you for your time and all that you do for our great state. I am writing to urge you to support SB175 which will go a long way to ensure the viability of my pharmacy business as well as those in the rest of the isolated rural communities in Alaska. Dwindling reimbursement formulas and the PBM's refusal to even negotiate fair fees for service for prescriptions threaten our very existence. Closure of mine and other remote pharmacies would leave many of your constituents without access to immediate, consistent, and essential health care.

An audit by a PBM is a very disrupting adventure. I had a big audit about eight years ago. The audit involved about 70 prescriptions and about \$30,000. The initial records retrieval by myself and a relief pharmacist (who stayed on after he was scheduled to leave town just to help me with the audit) took the two of us working 9 hours straight on a Sunday retrieving and copying all of the records requested. Most of the prescriptions were for very expensive drugs for HIV. The audit spanned 4 years and the two patients involved were deceased by the time of the audit. If I needed information from them to verify their treatment, of course I wouldn't be able to obtain it. Many of the audit discrepancies the PBM claimed had to do with clerical or unessential missing words in the instructions or had to do with prescribed dosage strengths that did not exist. Different strengths of the same drug were dispensed so that the patient got exactly what the doctor ordered. I was told by the auditors that they did not have a pharmacist on staff to help them interpret the doctor's orders. I chose to hire an attorney and the result was that all of the discrepancies were dismissed. The attorney wrote a letter to the PBM stating that the discrepancies brought by the PBM were frivolous clerical items and had nothing to do with actual prescription error, harm to the patients, or fraud. Although I had to pay nothing to the PBM, I had to pay the attorney and wages for the pharmacist and myself.

MAC pricing currently causes the biggest loss of revenues to my pharmacy business. When the PBM's only pay a few dollars as a fee any small profit that we may make on the cost of the drug is the only profit we make. I take advantage of the lowest prices for generic drugs that my wholesaler has to offer and many times a day I am paid below my

cost for those drugs. Lately the prices of many topical creams and ointments have skyrocketed. Tubes of cream that I could buy in the recent past for under \$10.00 are now priced in the hundreds of dollars. The PBM's generally don't seem to keep abreast of these price changes and pay us well below our cost. Recently I had one prescription that I lost over \$100 on. Think about that—I will now have to use \$100 worth of profit from the sale of other items just to pay the cost of that item. That means that I can't use that \$100 to pay any of my other bills, I have to use it to pay for the drug that I didn't get reimbursed for from the PBM.

Another frustrating situation that this bill addresses is the fact that none of the PBM's offer us a phone number to contact them about contract issues. If we have questions or issues regarding our contracts or need clarification on billing or prescription information the only thing that they offer is fax or email. We therefore cannot have a discussion or get timely answers to our questions and therefore cannot give timely answers to our patients.

This bill would also give us standardized auditing processes that all PBM's would have to follow which would avoid recoupments from PBM's for items that are hidden in the fine print and differ from the requirements of other PBM's. We could then operate with a set standard of practice and not spend our time and the patient's time complying with requirements from one PBM or another that have nothing to do with good patient care or compliance with State and Federal laws.

I thank you for your time. If you would like to discuss any of this please call or email.

Sincerely,

A handwritten signature in black ink, reading "David A. O'Brien RPh". The signature is fluid and cursive, with the first name "David" being the most prominent.

David A. O'Brien RPh
Owner
Cordova Drug Co.