

March 27, 2016

Alaska State Legislature
Juneau, Alaska

RE: SB 175; Pharmacy Benefits Managers and Pharmacy Audits

Dear Senators:

I am a retired community pharmacist from Fairbanks, Alaska. When I first started out as a pharmacist 50 years ago, most patients paid cash for their prescriptions. Now, the majority of prescriptions are billed to 3rd parties, and along with that 3rd party billing, has come Pharmacy Benefits Managers (PBM's) and audits of prescription records. SB 175 will require that PBM's doing business in Alaska be registered with the state. It will also bring fairness and standardization to the audit process when 3rd party payers wish to audit pharmacy records.

Audits of prescription records can be a useful tool to detect fraud and abuse, but, they should not be used as a method of generating additional income for the PBM or the auditing company. This bill establishes parameters for auditing procedures regarding notification of an audit, what records need to be available to the auditor, how overpayments or underpayments will be handled, and how appeals will be conducted.

In my career I have experienced a number of audits from both DEA and insurance company auditors or their agents. They are never pleasant experiences but with proper notification and conduct, they can be done in such a way that they will cause the least disruption to the patient care we provide in our pharmacies.

Thank you for your support of SB 175,

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