

March 5, 2017

Senator Cathy Giessel
Alaska State Senate
Juneau, Alaska

RE: SB 38: An act relating to the registration and duties of pharmacy benefit managers...pharmacy audits...

Dear Senator Giessel:

I came to Fairbanks 46 years ago and worked in community pharmacies until I retired a couple of years ago. In the early days, most of our patients paid cash for their prescriptions. Today, the majority of prescriptions are billed to 3rd parties, and along with the 3rd party billing, has come Pharmacy Benefits Managers (PBM's) and audits of prescription records.

Like a similar bill that passed in the Alaska State Senate in 2012, **SB 38** will require that PBM's doing business in Alaska register with the state. The 25 or 30 other states that have passed similar bills have found that a \$300-\$500 registration fee will cover most of the administrative costs.

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. **SB 38** will bring fairness and standardization to the audit process by establishing parameters for auditing pharmacy records. The bill sets out procedures regarding notification of an audit by the PBM, what records need to be available to the auditor, and how overpayments, underpayments, and appeals will be handled.

In my long 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 cause the least disruption to the patient care we provide in our pharmacies.

Thank you for your support of **SB 38**.

Margaret D. Soden, RPh
PO Box 61328 (mailing), 3222 Anella Avenue (home)
Fairbanks AK 99706-1328
(907) 479-6793
margaretdsoden@gmail.com