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March 2, 2017

Senator Cathy Giessel
Alaska State Capitol Building
Room 427
Juneau, AK 99801

Dear Senator Giessel:

On behalf of the Alaska Pharmacists Association (AKPhA), I am writing in support of Alaska Senate Bill 38. I would like to personally thank you for introducing this piece of legislation, which will bring some greatly needed transparency to the audit process for Alaska pharmacies. As you already know, PBMs are not currently regulated in Alaska, and there are no guidelines on how or when audits are conducted.

AKPhA represents over 250 pharmacists and pharmacy technicians in the State of Alaska. Our mission is to preserve, promote, and lead the profession of pharmacy in Alaska. SB 38 strongly aligns with our mission as it will protect pharmacies from being unfairly penalized for things like clerical errors, while also requiring timely price updates for reimbursement of pharmacies by the PBMs.

Again, we appreciate your efforts and leadership on this issue. Should there be anything that I, or the Alaska Pharmacists Association can do to help ensure passage of this legislation, please let me know.

Sincerely,

Della Cutchins, PharmD
President, Alaska Pharmacists Association
dccutchins@anthc.org

E-mail: akphrmcy@alaska.net

203 W. 15th Ave., Suite 100 • Anchorage, Alaska 99501 • (907) 563-8880 • (907) 563-7880

April 10, 2016
Senator Cathy Giessel, Vice Chair
Senate Labor and Commerce Committee
Re: SB 175

Dear Senator Giessel:

I personally want to thank you for all you and your staff have done to bring this all important bill before us. I have been a licensed Pharmacist in Alaska since 1973 and have seen this change in the history of pharmacy unfold. I was the most current owner of Hewitt's Drugs here in Anchorage and ultimately was forced to close the store and file bankruptcy due to the unregulated PBM industry.

The biggest problem was in 2006 when Medicare Part D took effect. We began honoring prescriptions for Part D in January of 2006 and did not see our first remuneration until mid May of that year. We had subsidized the PBM/Part D program for about \$365,000, before the first payments. We really never recovered from that insult. Over the next four years, payments were sporadic, reimbursements below our costs and of course the audits which were no more than witch hunts.

There are many more events that I could relate, but suffice it to say, I strongly urge support of this bill, SB 175.

Respectfully yours:

A handwritten signature in black ink, appearing to read "Robert G. Niebert". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert G. Niebert, R.Ph.
License # 503



THE STATE
of **ALASKA**

GOVERNOR SEAN PARNELL

GOVERNOR BILL WALKER

**Department of Commerce, Community,
and Economic Development**

BOARD OF PHARMACY

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March 6, 2017

The Honorable Senator Giessel
State Senate
Alaska State Capitol
Juneau, AK 99801-1182

Re: SB38: Pharmacy Benefit Managers and Auditing of Pharmacy Records

The Alaska Board of Pharmacy at its March meeting via teleconference, voted unanimously in favor of supporting Senate Bill 38 (An act establishing oversight for pharmacy benefits managers (PBM) including procedures and guidelines for auditing pharmacy records transparency of reimbursement/pricing methodology, and providing for an effective date). The Board feels that with 34 other states having established some form of oversight regarding PBM's, auditing practices, and pricing transparency, it is time Alaska follows through and adopts similar practice standards to help protect not only our pharmacies in the state, but the patients they serve. We ask this bill enacted in its current form and without delay.

Sincerely,
Leif Holm, PharmD
Chair, Alaska Board of Pharmacy

p.p.
Donna Bellino
Licensing Examiner

Db:lh

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
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margaretdsoden@gmail.com

**Island Pharmacy
3526 Tongass Ave.
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e-mail: island.pharm@juno.com**

February 26, 2017

Senator Cathy Giessel
State Capitol Room 427
Juneau AK, 99801

RE: SB 38 Pharmacy Benefits Managers

Dear Senator Giessel,

Thank you for sponsoring SB 38 Pharmacy Benefit Managers(PBM). I, with my father and family, operate Island Pharmacy in Ketchikan which has been serving Alaskans in southern Southeast Alaska for forty-three years. The passage of SB 42 is important and necessary for Alaskan pharmacies like ours to remain viable in the future.

While there are many important provisions in SB 38, I will outline two examples from our pharmacy that show the necessity of the legislation: timely allowance of appeal and generic drug pricing.

We received a large desk audit from a PBM which generated over 100 pages of documentation. Our two choices for transmission for the material was either unsecured e-mail or fax. Naturally, we choose fax, however since our fax machine will only hold/send 50 faxes at a time we had to send two separate faxes which was so noted on cover letters and also in e-mail to the auditor. Imagine our surprise when we got our audit results which showed we didn't include half the claim documentation. When we contacted the auditor they claimed the never received the second fax(even though we had confirmation that the fax went thru!). They did allow us to resend the second fax however they only allowed a five day period on the final audit findings for appeal. This included a \$400 claim for an RX that wasn't even present in the audit prescriptions claims that were send to us! The auditor claimed that they randomly select claims to send to prescribers to verify. In this case we checked with the prescribers office and they had no documentation asking to verify the prescription but they were willing to write a letter on our behalf indicating the validity of that prescription and two others deemed "not verified by prescriber". In this case we received the final audit findings document from the PBM on a Thursday afternoon and were told any additional documentation needed to reach their office in the Midwest by the following Tuesday via USPS MAIL.

This meant we had basically less than 24 hours to get our documents(and letter from prescriber mentioned above) in the mail so it would reach them. We do not believe that was a fair submission turn around time and quite frankly it was a miracle we were able to respond in time.

During a recent two week period we had approximately 125 RX claims (excluding Medicaid claims) for generic drugs that were paid to us below invoice cost by the PBM's. These amounted to over \$1,500. Under the terms of our contract we are required to submit these claims. Yes, we can and do submit pricing appeals but rarely do we receive a positive result and even if we do we are rarely allowed to resubmit for the date of service of the Rx appeal. Obviously, any business cannot operate long under payment mechanisms that reimburse below cost and we ask for help in making sure generic drug pricing in Alaska by the PBM's is fair.

We agree that audits are necessary to ensure that fraud, waste and abuse activities are checked. However, we feel that it is time for Alaska to enact laws that provide clarity in the audit process and timely price updates like 30 plus states have already done.

I appreciate you and your staff's efforts to help provide audit relief to Alaska pharmacies and the patients we serve.

Respectfully,

A handwritten signature in black ink, appearing to read "Barry Christensen", followed by a stylized set of initials "RPh".

Barry Christensen, RPh

Ron's Apothecary Inc.

9101 Mendenhall Mall Rd.
Juneau, AK 99801
(907)789-0458 voice (907)789-1356

Foodland Pharmacy

615 W. Willoughby Ave.
Juneau, AK 99801
(907) 796-2280 voice (907) 586-2280

March 27, 2017

The Honorable Senator Giessel
State Senate
Alaska State Capitol
Juneau, AK 99801-1182

Re: SB38: Pharmacy Benefit Managers and Auditing of Pharmacy Records

I am writing in full support of SB38 and hope that Alaska can join the 34 other states that have established guidelines for the oversight of PBM's and their auditing practices and pricing transparency. This bill is needed to create a fair relationship between providers and the PBM's so that health care members can continue to receive services in the state at their pharmacy of choice.

This bill will not prevent the detection for any fraud, waste, or abuse and will not prevent the recoupment of the PBM's from the pharmacy providers if such occurs. If fraud is alleged by a pharmacy or pharmacy employee the PBM's have full access to audit and recoup.

We are continually, read daily, dispensing medications below our cost due to the drug pricing list of PBM's (also called MAC lists-maximum allowable cost). These lists are set by the PBM, and change without notice. Currently there is no appeal process with the PBM's, most do not even have a phone number for these departments and we are left in a phone tree maze of wasted time and effort. While these lists are one mechanism to keep drug costs down, it is unfair if PBM's do not adequately update these lists to reflect increases in cost and to provide an adequate appeals process.

In providing pharmacy services to Southeast Alaska Residents in communities with no retail pharmacy we occasionally mail their prescriptions to their home in addition to the prescriptions they pick up in store while in town. According to many PBM's this is a breach of contract and those prescriptions need to come from the PBM's mail order pharmacy. During an audit the PBM could recoup the entire amount of these prescriptions.

If a PBM is truly interested in cost savings for health plans, the transparency required will not be an issue. It is stated from some PBM's that we are not to disclose the payment to a pharmacy from the PBM, this is confidential information. Why they expect this is one of the many reasons I hope this bill can be passed with undue delay.

Sincerely,



Scott Watts R.Ph



Julie McDonald
Whale Tail Pharmacy
Pharmacist in Charge
PO Box 709
333 Cold Storage Road
Craig, AK 99921

Wednesday, March 08, 2017

Senator Cathy Giessel
State Capitol Room 427
Juneau, AK 99801-1182

Honorable Senator Giessel,

I would like to express my **strong support for SB 38, Pharmacy Business Managers (Audit Bill)** due to the absence of regulation for large corporation PBMs.

As a small business owner on remote Prince of Wales Island I quite often am paid under cost and ignored by PBMs. Maximum Allowable Cost (MAC) pricing causes our pharmacy to be paid below purchase cost several times daily and our appeals for MAC pricing are rarely responded to or are completely disregarded. At any point a PBM can change their MAC pricing and they can have multiple MAC price list leaving essentially no transparency. When trying to address these issues during contracting, I am presented with "take or leave it" contracts. However, since we are the only retail pharmacy for the island, if we are not contracted our patients will not have local access to pharmacy services.

I appreciate all of the time and work that you have put into State Bill 38: Pharmacy Business Managers (Audit Bill).

Sincerely,

A handwritten signature in black ink that reads "Julie McDonald". The signature is written in a cursive, flowing style.

Julie McDonald, Pharm.D.



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March 20, 2017

Dear Senator Glesell,

Thank you for your time and commitment to our great state. I was born and raised here in Sitka and have been lucky enough to run two community pharmacies, employing over 30 people, with my pharmacist husband for over 30 years now.

We would like to stand in support of SB 38 the Pharmacy Audit Legislation.

Like all business we have seen increased costs (freight is a challenge in Sitka) but as a pharmacy we have seen the Pharmacy Benefit Managers (PBMs) muscle into every aspect of pharmacy. Everything from reduced reimbursements, forcing folks to use their mail order plan, dis-enrolling independent pharmacies for various nebulous reasons or not even letting us into the network for those same reasons, now charging us registration fees (\$200/yr.) just to be able to bill them, and of course their auditing our claims after the fact. We are at their mercy when it comes to an audit. When we get an audit we usually have a very short window to reply, so this then takes our time away from the primary care of our patients to gather all the required information sometimes from years ago. We were audited in one case where the prescription was totally legal by the State Board of Pharmacy yet because we had not filled in the date properly and the Doctor had not signed the correct form we lost over \$8,000.00 that was stolen back from our operating capital. The patient received the correct product which improved her quality of life just as the Doctor and Patient had wanted. Due to a "technical issue" according to the PBM they were justified in holding back this money from our next payment schedule and even on appeal we received no relief. It has been said that this is a business relationship that is "negotiated" between two willing entities. No lawyer I have shown one of our contract to has said that we should sign it without modifications. When we try to modify that contract we are told that this is not negotiable take it or leave it. We have many more examples like this if needed.

Respectfully submitted,

Trish White RPh



STATEMENT

**In Support of Arkansas Pharmacy Benefit Manager Licensure Act
HB 1010
March 13, 2018**

Position: The Pharmaceutical Research and Manufacturers of America (PhRMA) supports Arkansas HB1010, the Pharmacy Benefit Manager (PBM) Licensure Act which would place comprehensive licensure and oversight over PBMs operating in Arkansas, and could lead to better patient protections.

Under the new law, a PBM would be required to provide an adequate and accessible PBM network for health benefits plans. This is an important aspect to having an actual presence and pharmacy for patients versus allowing mail order to count as an adequate network. It would also allow for reimbursement of valuable pharmacy services that help the patients achieve improved health outcomes and ultimately lowers costs for the patients, plans, and the state. The Insurance Commissioner would also have latitude to put additional protections and parameters around the network adequacy requirements if necessary.

Under the bill provisions, pharmacists would be allowed to share important information with the patient or government entities, removing the current “gag clause” that prohibits pharmacists from doing so currently. Patients deserve to have truthful and accurate information, and this bill would provide patients with important decision-making information at the point of sale. In addition, the bill would prohibit PBMs from using untrue or misleading solicitations.

Newly released PBM data show medicine spending is growing at the slowest rate in years. After accounting for discounts and rebates negotiated with biopharmaceutical companies, PBMs report that medicine spending growth in 2017 was in the low single digits or slightly negative. Express Scripts reported spending on medicines grew just 1.5%, which is the smallest increase since they tracked spending data 25 years ago. This information is important because it begs the question as to where savings go. The Berkley Research Group found brand biopharmaceuticals retained just 63 percent of the list price for brand medicines and the rest is rebated back to PBMs, insurers and others in the supply chain. These discounts and rebates create a savings of more than \$193M in manufacturer rebates that is not always shared with patients who face rising out-of-pocket costs when they go to the pharmacy to get their medicines filled. This legislation is a great start in requiring PBMs to meet a standard that will ensure patient protections and help improve access.

For these reasons, PhRMA strongly encourages legislators to support the Pharmacy Benefit Manager Licensure Act (HB 1010) in Arkansas.