

Jack C. McRae  
Senior Vice President

March 6, 2012

Representative Kurt Olson  
State Capitol Room 24  
Juneau, Alaska 99801

Re: HB 259, Pharmacy Audits

Dear Representative Olson,

On behalf of Premera Blue Cross Blue Shield of Alaska, I am writing to you to express our concerns with HB 259, pertaining to pharmacy audits.

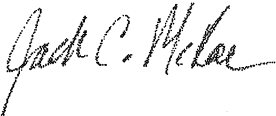
The purpose of pharmacy auditing is similar to other types of audits – it is a process for verifying compliance with requirements and regulations and to ensure appropriate quality standards are met. Typically, the language of the contract between the Pharmacy Benefits Manager (PBM) and a pharmacy specify the components and conditions of the auditing process.

In this case, Premera's Pharmacy Benefits Manager, Medco, conducts audits on a regular basis, as specified in the contract, to ensure pharmacies are providing services and billing in compliance with the contract that they hold with Medco. Medco has effective, appropriate pharmacy auditing processes already in place.

Therefore, we oppose HB 259, as it would interfere with the contractual agreement between these parties.

Thank you for considering our concerns on this issue. I would be happy to answer any questions that you may have.

Sincerely,



Jack C. McRae  
Senior Vice President