



Alaska Pharmacists Association

To: House Labor and Commerce Committee

From: Barry Christensen, RPh, Co-Chair Legislative Committee Alaska Pharmacists Association

Date: March 25, 2012

Re: HB 259 Letter of Opposition from Alaska Teamsters

The Alaska Pharmacists Association respectfully disagrees with the Teamsters that HB259 is not well defined and is not revenue neutral.

This bill is based on model legislation that has passed in approximately 20 states and legislative legal counsel has had adequate time to review and modify any Alaska specific language. The bill does not set forth any commissions or mandate any state specific agency oversight.

Regarding claims in the letter that certain portions of the bill are “vague and not well written” we again respectfully disagree. Our association is willing to sit down with teamster representatives anytime to explain the specific line items and why it’s important to have fair audit standards for Alaskan Pharmacists.

I will address specific items that were addressed in the letter:

Subparagraph 3 requires the audit of a claim within two years. This is consistent with State of Alaska Pharmacy practice statutes that mandate pharmacies keep prescription records for only **two years**.

Subparagraph 6 merely says a clerical error doesn’t constitute fraud. The “marking up the price of a prescription by a dollar” example isn’t relevant in today’s world. Even if a pharmacy submitted a price of a prescription for a dollar more than the contracted rate the pharmacy would still only get the contracted rate. Not a penny more or less.

Subparagraphs 8 & 9 set forth when and how extrapolations can be used. Legislation addressing this issue has been enacted in at 11 other states. Extrapolation is a serious issue for pharmacy that must be corrected.

Subparagraph 11 the claim that “there is a lot of revenue built into the dispensing fee” is misleading. I am sure if you look at the total plan expenditures the dispensing fees, at an average of \$2-\$3 per prescription, are a small portion of the overall drug plan expenditures. However, these are the dollars necessary to provide pharmacy services and it is unfair to take them back when a service is provided.

Subparagraph 12 -16 covers delivery of the final audit and appeal process. The letter notes for example that most pharmacy contracts already allow 90 days for the audit results to be delivered to pharmacy. However in a Teamsters Healthtrans PBM contract example, submitted by one Alaskan pharmacy, no date was given for an audit finding results back to the pharmacy. In fact the contract only contained two reference lines regarding audits. This is exactly the problem pharmacies in Alaska face in dealing with multiple PBM contracts that do not allow for negotiating such language. HB 259 standardizes and gives structure to the auditing process.

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