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April 4, 2012

Senator Dennis Egan
Alaska State Senate
State Capitol Room 510
Juneau AK, 99801

RE: Senate Bill 217 – Pharmacy Audits

Dear Senator Egan:

As one of Alaska's largest private employers (2900 employees in 11 stores in Alaska), I am writing to express Fred Meyer Stores' support of this important bill.

This bill will standardize the manner in which pharmacies may be audited and will allow for appeal in the case of disagreement. As Pharmacists, we recognize that audits are vital to detecting fraud, unlawful billing practices, and abuse. However, there are times when penalties are assessed for truly innocent technical errors. These technical errors are ones where the right person got the right drug in the right dose but there was some sort of clerical or typographical error in the billing. Penalties based on these situations fall outside the spirit and purpose of auditing.

Some provisions of the bill that we think are especially important are:

- Two weeks' notice to allow pharmacies to gather the needed information with less disruption to their daily routine (Pharmacies run a VERY tight ship in order to help do our part in preventing more increases in health care costs.)
- Eliminating the first 7 days of the month from a potential audit would be very helpful because pharmacies see a greater number of prescriptions in the first part of the month
- Limiting the audit period to two years
- Disallowing the use of extrapolation when auditors determine over or underpayment
- Disallowing an overpayment to include the dispensing fee since overpayments are based on the cost of the drug and dispensing fees are for the service rendered
- Providing for a method of appeal

These are reasonable provisions that still provide for the oversight needed in an industry such as Pharmacy, where the safety of our customers is our top priority, just as it is for the State.

Thank you for your sponsorship of this legislation. If I can answer any questions, please call me at 907-267-6786.

Sincerely,



Mark Bohrer
Alaska Coordinator, Pharmacy