

# Alaska State Legislature

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## Sponsor Substitute for Senate Bill 121 Sponsor Statement

*Pharmacies/ Pharmacists/ Benefit Managers*

Senate Bill 121 is a 2<sup>nd</sup> legislative effort to curb objectionable practices and the undue influence of pharmacy benefit managers (PBMs) on pharmacies in Alaska.

In 2018, the Legislature passed PBM legislation via SB 38/HB 240 that was a first attempt to close contract loopholes and protect our independent pharmacies from often-deceptive practices of pharmacy benefit managers. Unfortunately, since then, these entities continue to find ways to circumvent the sidebars that were put in place via that legislation and make their opaque business practices untenable for Alaska's pharmacies.

This is not just happening in Alaska, but across the entire United States. Pharmacy benefit manager practices are being called out and analyzed across the nation, at the state and federal level. Countless news articles have been published to shed light on their vertically integrated business models. The Senate Finance Committee and others in Washington D.C. have held comprehensive hearings on the negative aspects of PBMs and have introduced legislation. Some states have pending lawsuits in play. Even the Federal Trade Commission has recently initiated an investigation into PBM practices.

While small rural pharmacies are battling the PBMs over chronic underpayments, fruitless appeals, endless restrictions, exorbitant fees and paperwork imposed on them by these middlemen giants, PBMs are reaping profuse financial returns, placing most of them among the Top 20 Fortune 500 companies.

Senate Bill 121 would give our Alaska pharmacies more leverage and legal standing when dealing with one-way contracts, under-reimbursements and restrictive policies relentlessly imposed on them by PBMs. Patient choice of pharmacies will be enabled under this bill, while ensuring secure and safe medications for Alaskans.