



March 5, 2024

Senator Jesse Bjorkman
Alaska State Legislature
State Capitol Room 9
Juneau, AK 99801

Re: Senate Bill 121

Dear Senator Bjorkman, Chair, Senate Labor and Commerce Committee:

Thank you for the opportunity to comment on Senate Bill 121 regarding pharmacy benefit managers (PBMs). We have significant concerns that the bill will detrimentally impact Alaskans by increasing prescription drug costs, while failing to increase access to quality pharmaceutical care. Senate Bill 121 will drive up overall healthcare costs for hardworking Alaska families, employers, small businesses, and state and local governments.

CVS Health serves millions of people through our local presence, digital channels, and our nearly 300,000 dedicated colleagues – including more than 40,000 physicians, pharmacists, nurses, and nurse practitioners. Our unique health care model gives us an unparalleled perspective on how systems can be better designed to help consumers navigate the health care system – and their personal health care – by improving access, lowering costs, and being a trusted partner for every meaningful moment of health. We utilize that experience in our products that cover thousands of Alaskans, and it is with that background and experience that we provide the following feedback in opposition to Senate bill 121.

Employers, insurers, and governments choose to contract with PBMs, as part of their health plan offering, to administer the prescription drug portion of the health care benefit. PBMs, such as CVS Caremark, offer a menu of options for employers and plan sponsors to choose from in designing their pharmacy benefits. This allows flexibility to create specific pharmacy benefit plans that provide the most value for the unique needs of the members.

Senate Bill 121 ignores the long-standing value of plan benefit design and instead requires a one-size-fits-all mandated design through a series of provisions that eliminate design options and prohibit the use of cost control measures. This undermines the employers' and plan sponsors' ability to determine how to structure their own health care spend--ultimately driving up costs for employers and plan sponsors across the state.

Some examples of concerning provisions include:

- **Bans insurers from offering lower costs to individuals managing chronic conditions who receive their prescriptions by home delivery.** Mail-order pharmacies are particularly important to chronically ill individuals on maintenance medications that help manage conditions like diabetes, high blood pressure, and high cholesterol. Many plans choose to provide financial benefits – like reduced or eliminated copays – for members who use a home-delivery option or require members to receive certain maintenance or generic drugs through the mail – which allows them to provide members with the lowest-possible premiums, copays, and other cost-sharing amounts. The use of home-delivery options is also shown to increase adherence, which keeps members healthier and out of costly emergency and other hospital services. Outlawing these network design options will increase costs for Alaska consumers.
- **Prohibits insurers from offering more affordable pharmacy options to those who require high cost, specialty medications that treat complex conditions.** Specialty medications are utilized by highly sensitive patients and can cost tens of thousands of dollars per month. They typically require special handling and treat complex conditions like cancer, hemophilia, rheumatoid arthritis, and inflammatory conditions. SB 121 would prevent insurers from offering lower-cost pharmacy options to their members by effectively banning preferred pharmacy networks, including exclusive specialty pharmacy arrangements. Just as insurers use preferred networks of doctors, hospitals, and other providers, they rely on preferred pharmacy networks to keep benefit costs lower for consumers and small businesses.
 - **Senate Bill 121 also puts patient safety at risk and eliminates quality of care standards by allowing any pharmacy to self-certify as a specialty pharmacy.** Specialty pharmacies serve patients with complex, chronic diseases that often require enhanced clinical services. The specialty medications for these patients may also require special handling such as temperature control, storage, and administration. On behalf of insurers, PBMs contract with specialty pharmacies that have been accredited by national, independent organizations as patient safety and quality of care standards are critical in health outcomes for these sensitive patients.
- **Prevents a patient's insurer from communicating with a patient about certain pharmacies offering a lower cost option for a prescription.** Alaskans benefit when provided with information about where they can get prescription drug savings. Regrettably, SB121 would prohibit an insurer from even informing a patient about certain lower cost pharmacy options. This provision is anti-competitive and would harm Alaskan consumers.

In addition to the above, this legislation eliminates certain network design options currently available to employers and plan sponsors, restricts proper credentialing requirements for network pharmacies, eliminates certain financial models, etc. More specifically, it mandates high pharmacy reimbursement rates that will be felt by Alaskan consumers at the pharmacy counter. Senate Bill 121 legislates a one-size-fits-all design, without considering the unique needs of various Alaskans.

With rising healthcare costs and rising drug prices set by manufacturers, now is not the time for Alaska to take a step back and eliminate effective cost saving tools utilized in



pharmacy benefit plan design. We believe access to care is paramount in improving health outcomes and we would be happy to further explore policy ideas that expand access to quality and affordable care. However, Senate Bill 121 is a step in the wrong direction, and we respectfully ask for your opposition.

Sincerely,

A handwritten signature in black ink, appearing to be "BS" with a stylized flourish.

Brenda Snyder
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