

March 20, 2024

The Honorable Jesse Bjorkman
Chair, Senate Labor and Commerce Committee
State Capital Room 9
Juneau, AK 99801

Dear Chair Bjorkman,

I am writing today on behalf of the National Association of Benefits and Insurance Professionals Alaska Chapter (NABIP Alaska Chapter) – a member organization representing consultants, licensed agents and brokers who are engaged in the sale and service of health insurance and other ancillary products and serving employers and consumers in all fifty states– to bring your attention to concerns regarding the pharmacy network restrictions being implemented in SB 121.

NABIP Alaska Chapter recognizes the need for lowering drug costs for patients and that the intent behind SB 121 is to increase accessibility of drugs and bring down costs, however certain provisions in this bill will have the opposite effect. Preferred pharmacy network arrangements between PBMs and their affiliated pharmacy partners are highly effective in lowering costs for employers and consumers. Provisions of SB 121 weakens and disincentives participation in network arrangements, which will only undermine plan sponsors' efforts to choose plan designs that lower costs and provide convenient services. At worst, policies that weaken preferred pharmacy network arrangements force patients using specialty medication into less coordinated care with less clinical support.

Specialty pharmacies provide significant discounts and enhanced services to consumers and employers, but restricting specialty pharmacy networks eliminates plan sponsors' ability to use exclusive specialty pharmacy plan designs, which will result in reducing purchasing competition leading to higher prices. Additionally, specialty pharmacies provide access to specially trained pharmacists and clinicians, including consultation and patient care management, that has undergone rigorous credentialing to ensure that patients are given the best possible care. Weakening specialty pharmacy networks will only drive costs up and adversely impact the standard of care patients rely on.

Additionally, SB 121 eliminates the practice of spread pricing, which, on its surface, may seem like an effective method of holding PBMs accountable. However, spread pricing provides employers with predictability in their healthcare costs and can be used as a method of cutting costs for enrollees by increasing competition in the healthcare marketplace.

Finally, we caution the use of language within SB 121 that would create regulatory overreach for self-funded plans covering state and municipal workers and erode the protections of ERISA (Employee Retirement Income Security Act of 1974). State-by-state regulation of ERISA benefit plans rejects well-settled precedent of enforcing federal supremacy laws.

On behalf of NABIP Alaska Chapter, I would like to thank you for your attention to this matter. While we all address the issue of drug affordability and accessibility, it is critical that we focus on addressing the issue directly. Instead of eliminating impactful cost saving tools that are successfully utilized by plan sponsors across the country, the focus should be on bad actors who keep the cost of drugs high to maximize profits, with little required transparency.

Sincerely,

Albert Fogle

President, NABIP Alaska