

March 19, 2024

Senator Cathy Giessel
Senate President
Alaska State Legislature
sen.cathy.giessel@akleg.gov

Re: Senate Bill 121 – Pharmacy Benefit Manager Reform [Support]

Dear Senator Giessel,

I am writing in support of Senate Bill 121, an issue very important to both Albertsons Companies and the citizens of the great state of Alaska. Albertsons Companies Inc. ("ACI") family of pharmacies is one of the largest pharmacy providers in the state of Alaska. We currently operate 26 locations in the state under both the Carr's and Safeway banners. Nationwide, ACI operates 1726 pharmacies across 34 states and the District of Columbia. Our pharmacies provide critical support to Alaska's healthcare infrastructure and in some cases the only available access to a pharmacy in rural communities.

We are thankful for your efforts to reign in the long-standing abuse of pharmacies at the hands of the Pharmacy Benefit Managers (PBMs) that threaten the underlying foundation of patient access to life-saving medications. Senate Bill 121 and the companion House Bill 226, sponsored by Representative Jesse Sumner seek to strengthen the guardrails necessary to ensure pharmacy access can continue to persist for your constituents.

SB 121 does four primary things that are critical to the operation of a pharmacy and will ensure continuity of access for patients. First, it ensures freedom of patient choice in filling prescriptions at their chosen local pharmacy. "Patient steering" is a tactic PBMs use to remove patient autonomy by funneling patients to only PBM-approved pharmacies that are often owned by or affiliated with the PBM. Second, it supports reform of the manufacturer rebates, by requiring 100% pass-through to the plan sponsor with the intent of keeping patient premiums low. Third, it bans the conduct and participation of spread-pricing in PBM contracts. Spread pricing is a practice leveraged by PBMs to pay a pharmacy a certain amount but turn around and charge the plan sponsor a higher amount and pocket the difference. This often results in the pharmacy being paid less than the acquisition cost of the medication being dispensed, while the PBM profits from the transaction. Fourth, it requires the PBM to pay a dispensing fee set forth by the Director of the Division of Insurance, within the Department of Commerce, Community, and Economic Development. This dispensing fee would cover the costs incurred by the pharmacy to dispense medication to the patient as well as professional services provided such as counseling.

Albertsons believes Senate Bill 121 to be a well-founded bill, which will have a lasting impact on both the practice of pharmacy as well as access to pharmacy services by patients. We respectfully ask the committee to place this bill on the committee calendar to be heard as soon as possible to continue its progress through the legislative process.



If you have any questions as it relates to the impact of this bill, please reach out to me at Rob.Geddes@Albertsons.com or 208-513-3470.

Sincerely,

A handwritten signature in blue ink that appears to read "Rob Geddes".

Rob Geddes, PharmD, MBA
Director, Pharmacy Legislative and Regulatory Affairs
Albertsons Companies Inc.

CC:

Jane Conway, Chief of Staff: jane.conway@akleg.gov