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EMPLOYEE BENEFITS

PERSONAL INSURANCE

RISK MANAGEMENT

SURETY

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HB 226



**the
PACIFIC HEALTH
COALITION**

Who is the Pacific Health Coalition?



- Alaska based non-profit coalition representing self-funded health plans
- Public entities and labor/management trusts.
- Primary goals
 - Lower costs and
 - Increase quality for members
- Global membership is 49 plans and 250,000 lives
- Alaska membership is 29 plans and 110,000 lives

Why we oppose this bill



- SB 121 increases costs to our members.
- Reduces our ability to
 - Manage costs
 - Steer members to high quality pharmacies
 - Trade increased volume for reduced rates

Why we oppose this bill



- Complicated relationship with PBMs
 - PBMs provide a needed and valuable service but we don't always like them
 - Consider vendors like cell phone companies, cable TV, car dealerships
 - Health plans cannot contract with every pharmacy directly
- Our plan sponsors hire, fire, and manage the services provided by the PBMs

How has the PHC engaged to contract with PBMs



- PHC formed a relationship with a larger non-profit coalition focused solely on PBM services
 - National Cooperative Rx
 - 315 Health plans and 480,000 lives
 - Independent auditing
 - Pricing guarantees and 100% return of rebates
 - Pharmacist team to evaluate clinical programs and recommend cost containment programs

How much do we spend



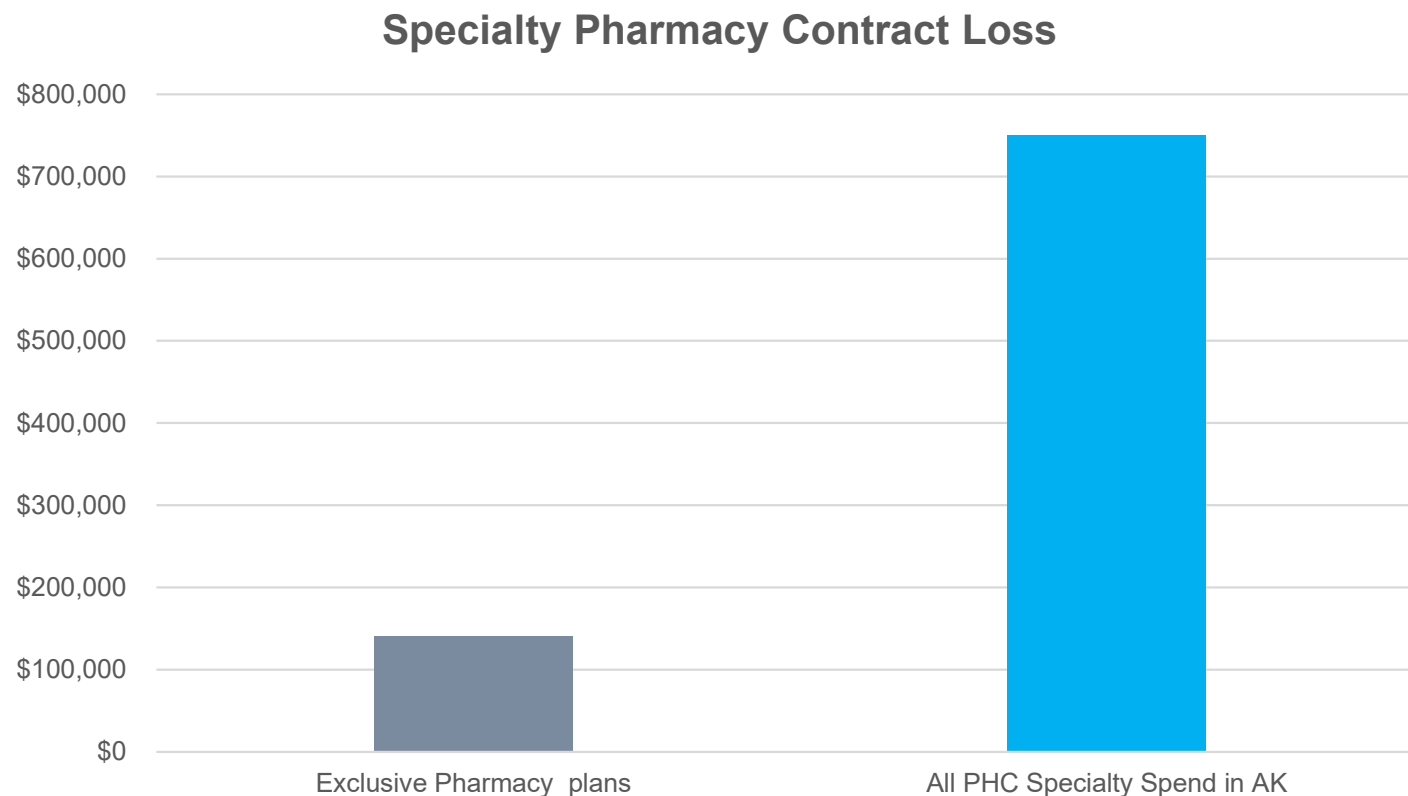
- National Cooperative Rx is an option for PHC member plans
 - 10 Alaska based groups with 24,481 lives participate
 - Including our lower 48 based PHC members that utilize National Cooperative Rx – we spend **\$43.5 million per year** on prescriptions dispensed in Alaska

How will SB 121 affect our Rx costs?

Specialty Pharmacies Lost opportunity



- Only 5 of our plans use an exclusive specialty pharmacy
 - They save 2% of their specialty Rx spend for a savings of **\$140,000 per year**



Mail Order Pharmacies Lost opportunity



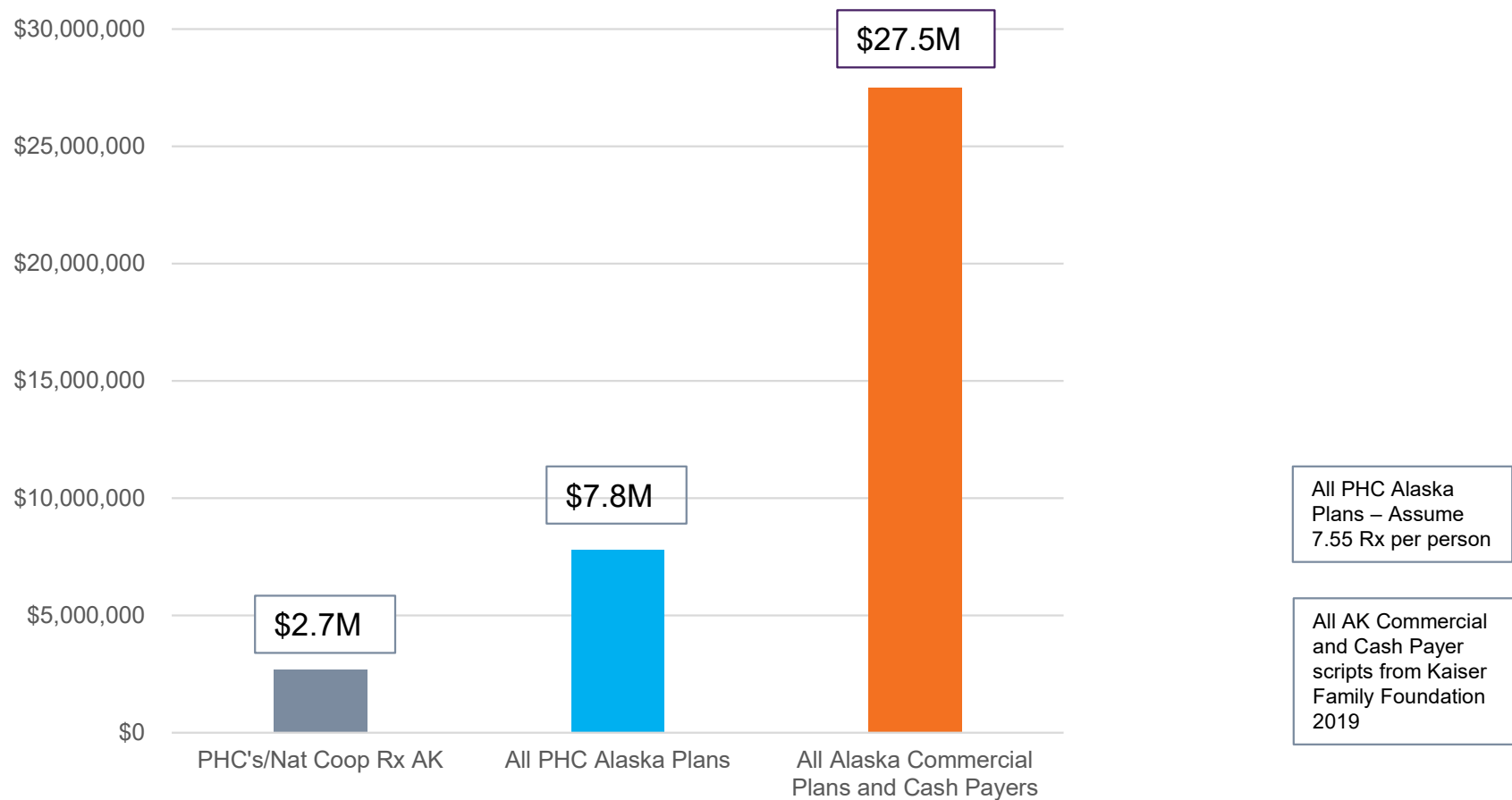
- Only 1 of our plans has exclusive mail order
 - They save 2% of their total Rx spend for a savings of **\$28,850 per year**

Mail Order Pharmacy Contract Loss



Increased Dispensing Fees

Increased Dispensing Fees



- **State government is concerned about local grocery stores.**
 - **Add a \$9.36 per meal fee on to groceries purchased by restaurants and households**
- **Concerned about local gas stations**
 - **Add a \$9.36 per fill-up fee to trucking companies and car owners**
- **Concerned about local hardware stores**
 - **Add a \$9.36 per purchase fee to every purchase of hardware goods**



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