



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

**Department of Commerce, Community,
and Economic Development**

STATE MEDICAL BOARD

P.O. Box 110806
Juneau, Alaska 99811-0806
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Resolution in Support of SB121/HB226: Protecting Patient Freedom of Pharmacy Choice and Access to Medications

WHEREAS, the Alaska Board of Medicine is committed to upholding the highest standards of patient care and ensuring access to essential healthcare services for all residents of Alaska; and

WHEREAS, Senate Bill 121 (SB121) and House Bill 226 (HB226) aim to protect patient freedom of pharmacy choice, guarantee access to necessary medications within local communities, and ensure patients receive safe and timely access to clinician-administered medications, thereby preventing negative health consequences resulting from delays in care; and

WHEREAS, these bills align with the Board's mission to safeguard public health and promote the well-being of patients by facilitating efficient access to healthcare services and medications; and

WHEREAS, it is imperative to recognize the importance of empowering patients to make informed decisions regarding their healthcare providers and the pharmacies from which they obtain their medications, thus promoting patient autonomy and preserving the doctor-patient relationship; and

WHEREAS, SB121/HB226 serve to mitigate potential barriers to care, particularly in rural and underserved areas, by ensuring that patients have convenient access to the medications and services they require for optimal health outcomes;

THEREFORE, BE IT RESOLVED that the Alaska Board of Medicine hereby expresses its full support for Senate Bill 121 and House Bill 226, recognizing their significant contributions to protecting patient freedom of pharmacy choice, enhancing access to essential medications, and promoting timely access to clinician-administered treatments; and

BE IT FURTHER RESOLVED that the Board urges legislators and policymakers to prioritize the passage and implementation of SB121/HB226 to uphold the fundamental rights of patients, safeguard public health, and ensure equitable access to quality healthcare services throughout the state of Alaska.

ADOPTED by the Alaska State Medical Board on February 16, 2024.

A handwritten signature in black ink that reads "Richard Wein, MD".

Richard Wein, MD, Board Chair



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community, & Economic Development

Corporations, Business, & Professional Licensing
Board of Pharmacy

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January 17, 2024

The Honorable Representative Sumner
Alaska State House of Representatives
State Capitol Room 421
Juneau, Alaska 99801
Representative.Jesse.Sumner@akleg.gov

Re: HB 226 –Patient Freedom of Pharmacy Choice Bill– Letter of Support

Dear Representative Sumner,

The Alaska Board of Pharmacy (“board”) is submitting its position on HB 226, An Act relating to the Board of Pharmacy; relating to insurance; relating to pharmacies; relating to pharmacists; relating to pharmacy benefits managers; relating to patient choice of pharmacy; and providing for an effective date. The board is in support of HB 226 because it:

- Gives patients the right to access medications at the pharmacy of their choice if their pharmacy is a willing provider.
- Provides framework for transparency and fair reimbursement for pharmacies and patients.
- Protects patient access to clinician administered medication by restricting the practices of white bagging and brown bagging.
- Aligns with the board’s FY2023 strategic plan, specifically goal #4 which is to grow Alaska’s economy while promoting community health and safety.

The board endeavors to promote, preserve, and protect the public health, safety, and welfare by and through the effective control and regulation of the practice of pharmacy. Over the last few years, the board has received comment from the public, Alaskan pharmacists, technicians, and organizations about current practices limiting access to Alaskan pharmacies and compromising the safety of medications received in the state. We have continued to see the negative impacts the current practices are having on Alaskans and recognize change is needed quickly. HB 226 will help ensure Alaska’s pharmacies can continue to safely serve Alaskans.

Sincerely,

A handwritten signature in black ink, reading "Ashley Schaber".

Ashley Schaber, PharmD, MBA, BCPS
Chair, Alaska Board of Pharmacy

February 14, 2024

Representative Jesse Sumner
Alaska State Legislature
Juneau, Alaska 99801

Re: Support for House Bill 226 – *the Patient Choice of Pharmacy Act*

Dear Rep. Sumner:

As a practicing Alaskan Pharmacist of over 21 years, I offer my strong support for House Bill 226, the Patient Choice of Pharmacy Act. HB226 protects patient independence of pharmacy choice and overall safety, while also lowering prescription costs for consumers and employers. Additionally, HB226 bars unfair trade practices that are literally bankrupting Alaskan pharmacies left and right. Alaska has lost 1 in 4 independent, mom-and-pop pharmacies since 2018 due to unfair trade practices employed by PBMs. Simply put, the playing field between PBMs and brick-and-mortar pharmacies in Alaska is completely out of balance and HB226 is an important first-step in putting things back into some degree of equilibrium.

I see on a daily basis how PBM practices negatively impact patient care, convenience, and cost. While PBMs were originally created to contain prescription costs, the fact of the matter is that they have utterly failed in that arena and now are the number one driver of increased prescription costs in America. They have become vertically-integrated behemoths that operate with impunity and predatory greed that is truly unmatched in any industry. Federal (FTC) investigations, United States Supreme Court Rulings (*Rutledge v. PCMA*), and Congressional action have done very little to slow the pernicious impacts of the PBM industry on our healthcare system and patient care in America. Statutory change at a state level is desperately necessary to prevent further damage the PBM industry will undoubtedly continue to wreak on our healthcare system.

Thank you for spearheading efforts to bring positive change to this incredibly broken pharmaceutical reimbursement environment through the provisions eloquently laid out in House Bill 226. You are an unsung hero for all Alaskans and your continued leadership in meaningful healthcare reform through House Bill 226 will continue to benefit Alaskans for generations to come.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Dan Nelson', is written above the typed name.

Dan Nelson, PharmD
191 Eagle Ridge Road
Fairbanks, AK 99712



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES

February 26, 2024

Senator Cathy Giessel
Senate Majority Leader
State Capitol Room 427
Juneau, AK 99801

Representative Jesse Sumner
Chair, House Labor and Commerce Committee
State Capitol Room 421
Juneau, AK 99801

RE: Senate Bill 121 (SB 121)/House Bill 226 (HB 226) – An Act relating to the Board of Pharmacy; relating to insurance; relating to pharmacies; relating to pharmacists; relating to pharmacy benefits managers; relating to patient choice of pharmacy; and providing for an effective date.

Senator Giessel and Representative Sumner,

On behalf of our member pharmacies operating in Alaska, the National Association of Chain Drug Stores (NACDS) is pleased to offer support for SB 121/HB 226. This important piece of legislation would add Alaska to a growing list of states that are taking meaningful action to rein in unfair and deceptive practices of pharmacy benefit managers (PBMs).

PBMs claim to reduce prescription drug costs, but their practices are key components of skyrocketing healthcare spending. Examples of these activities include unfair and opaque dealings with pharmacies with respect to network design which constructs artificial barriers that limit patient choice and competition, questionable pricing tactics, and below-cost reimbursement for pharmacy services. PBMs claim that their ability to negotiate with drug manufacturers and pharmacies reduces overall prescription drug costs. However, despite their claims, overall prescription drug spending continues to steadily increase. Putting an end to these PBM abuses is good for patients and will protect neighborhood pharmacies.

PBMs often reimburse affiliated pharmacies at rates higher than other similarly capable pharmacy providers. The adoption of standardized reimbursement rates for both affiliated and non-affiliated pharmacies increases transparency and creates protections for pharmacy providers. Additionally, this bill requires an objective and transparent pharmacy reimbursement standard – the “national average drug acquisition cost,” which is regularly updated by the Centers for Medicare and Medicaid Services (CMS). This would help maintain robust public access to pharmacies for essential medications and health services by providing them with financial stability.

Nearly 90 percent of Americans live within 5 miles of a pharmacy that is readily accessible and available to treat patient healthcare needs. Patients rely on their local neighborhood pharmacy for dispensing needed medications in addition to essential healthcare services like health screenings, disease state management, vaccinations, testing, and treatment services (e.g., patient counseling and medication adherence). However, this access to care can be undermined when a

PBM requires patients to use a specific or affiliate pharmacy or an affiliated pharmacy of another PBM. For example, in the current environment, some plans impose penalties, such as higher copays or other financial disincentives, for choosing a retail pharmacy instead of an affiliated pharmacy or mail-order pharmacy, which is often owned by the PBM. These imposed restrictions can cause disruptions in patient care, decrease patient adherence to prescribed medications, and limit patient access to the other important in-person services offered in retail pharmacies. Preserving patient access to robust pharmacy provider networks, as this bill aims to do, is extremely important because it can help to improve health outcomes and generate overall healthcare savings through preventative services and reduce the utilization of costlier medical interventions.

NACDS appreciates your sponsorship of this important legislation, and we look forward to working with the rest of the Alaska State Legislature to ensure its successful passage. For questions or further discussion, please contact Mary Staples, Director of State Government Affairs, at MStaples@nacds.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven C. Anderson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steven C. Anderson, FASAE, CAE, IOM
President and Chief Executive Officer

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NACDS represents traditional drug stores, supermarkets, and mass merchants with pharmacies. Chains operate over 40,000 pharmacies, and NACDS' member companies include regional chains, with a minimum of four stores, and national companies. Chains employ nearly 3 million individuals, including 155,000 pharmacists. They fill over 3 billion prescriptions yearly, and help patients use medicines correctly and safely, while offering innovative services that improve patient health and healthcare affordability. NACDS members also include more than 900 supplier partners and over 70 international members representing 21 countries. Please visit NACDS.org.



February 27, 2024

Representative Mike Prax, Chair
House Committee on Health and Social Services
DAVIS 106
The Alaska State Legislature
120 4th Street
Juneau, AK 99801

Dear Chair Prax and Members of the House Committee on Health and Social Services,

The Denali Oncology Group and the Association for Clinical Oncology (ASCO) are pleased to support **HB 226**, which would provide comprehensive pharmacy benefit manager (PBM) reform and prohibit mandatory white bagging and all brown bagging requirements from insurers so that patients can obtain clinician-administered drugs from their health care providers, thereby preserving timely and consistent delivery of high quality, patient-centered care.

The Denali Oncology Group's primary mission is to promote, plan, support, represent, advocate for, and conduct educational and scientific activities to facilitate improvements in the practice of oncology and the delivery of care to patients for the benefit of the citizens and residents of the State of Alaska. ASCO is the world's leading professional society representing physicians who care for people with cancer. With nearly 50,000 members, our core mission is to ensure that patients with cancer have meaningful access to high-quality, equitable cancer care.

Traditionally, the acquisition of anti-cancer drugs is managed in the independent practice or hospital setting where chemotherapy administration is overseen by the treating physician. The practice or hospital pharmacy purchases, stores, and administers these agents under strict handling and administration standards.

Although clinicians prepare detailed treatment plans, drug regimens often change on the day of treatment due to clinical circumstances. Administration may be adjusted according to criteria, such as patient weight, comorbidities, lab reports, guidelines, and other clinical data. Brown bagging and mandatory white bagging policies remove the physician's ability to control the preparation of drugs. Under a mandatory white bagging policy, insurers require physicians to obtain drugs purchased and handled by payer-owned or affiliated pharmacies, while under a brown bagging policy payers require the drug to be shipped from a pharmacy directly to the patient to bring to the provider's office for administration. Both policies require additional coordination with patients and physicians and could delay or disrupt treatment plans and decisions. Day-of treatment changes can lead to a delay in care if a physician must place a new order, requiring the patient to return on a later date to receive their treatment. This can result in significantly decreased chances of a successful clinical outcome for the patient as well as potential adverse effects on patient health, including toxic reactions.

When treatment plans are modified on the day of treatment, brown bagging and mandatory white bagging policies can also lead to waste if an unused portion of a previously dispensed drug cannot be used for a different patient. Many anti-cancer drugs are highly toxic and require special handling when discarded. The burden of unnecessary waste related to white bagging and brown bagging falls to practices and hospitals, which must dispose of drugs according to state and federal requirements.

Additionally, the Denali Oncology Group and ASCO applaud efforts in this measure to promote accountability in the PBM industry and target anti-competitive PBM business practices. We are opposed to PBM requirements that steer patients towards the exclusive use of PBM-owned or affiliated pharmacies. PBMs are increasingly shifting drug dispensing away from physicians and toward pharmacies the PBMs own or are affiliated with, which can negatively impact patient care and access. Some PBMs require that patients use only their proprietary specialty pharmacy for certain drugs, despite the possibility that the patient could access the drug more cheaply and quickly from a different pharmacy.

Finally, the Denali Oncology Group and ASCO also support language that would prohibit the use of gag clauses by PBMs. Gag clauses are contractual requirements that prohibit a pharmacist from informing patients about lower-cost drug options which could include simply purchasing the drug for cash rather than using insurance. In these circumstances, patients could avoid costs that may be solely due to the PBM payment structure. Pharmacies should not be prevented from sharing with patients their most cost-effective option for purchasing needed medications.

The Denali Oncology Group and ASCO are encouraged by the steps HB 226 takes toward protecting cancer patients in Alaska and we urge the Committee to support the measure. For a more detailed understanding of our policy on this issue, we invite you to read the [ASCO Position Statement on White Bagging](#) and the [ASCO Position Statement on Pharmacy Benefit Managers and Their Impact on Cancer Care](#) by our affiliate, the American Society of Clinical Oncology. The Denali Oncology Group and ASCO welcome the opportunity to be a resource for you. Please contact Nick Telesco at ASCO at Nicholas.Telesco@asco.org if you have any questions or if we can be of assistance.

Sincerely,

Mary Klix, MD
President
Denali Oncology Group

Everett Vokes, MD, FASCO
Chair of the Board
Association for Clinical Oncology



March 4, 2024

The Honorable Jesse Sumner
Chair, House Labor & Commerce Committee
Alaska House of Representatives
State Capitol Room 421
Juneau, AK 99801

Representative Sumner:

I am writing to express our support for House Bill 226: Patient Freedom of Pharmacy Choice. At Fred Meyer we are deeply invested in the well-being of our patients, and we believe this bill represents a crucial step towards safeguarding patient rights and improving access to quality healthcare services.

The synopsis of HB 226, attached for your reference, outlines several key provisions that we find particularly commendable and aligned with our values:

1. **Freedom of Patient Choice:** HB 226 ensures that patients have the freedom to choose their pharmacy without undue influence from Pharmacy Benefits Managers (PBMs). By prohibiting PBMs from directing patients to PBM-affiliated pharmacies, this bill empowers patients to make informed decisions about their healthcare providers.
2. **Ensuring Safe and Efficient Access:** We are particularly supportive of the measures outlined in HB 226 to enhance patient safety and streamline access to clinician-administered drugs. Practices such as "white bagging" and "brown bagging" not only pose potential safety risks but also create unnecessary barriers between patients and their healthcare providers. By barring insurers and PBMs from requiring these practices and authorizing regulatory oversight by the Board of Pharmacy, HB 226 seeks to ensure that patients receive the highest standard of care.
3. **Ending Objectionable PBM Practices:** HB 226 aims to address a range of objectionable PBM practices by bringing them within the purview of the Alaska Unfair Trade Practices and Consumer Protection Act. By prohibiting practices such as steering patients to PBM-affiliated pharmacies, imposing unequal copayments, and engaging in spread pricing, this bill seeks to promote fairness and transparency in the pharmacy industry.
4. **Fair Reimbursement for Pharmacies:** We applaud HB 226 for its provisions aimed at ensuring fair reimbursement for pharmacies from PBMs. By requiring reimbursement at an objective and transparent standard, such as the national average drug acquisition cost, and providing pharmacies with meaningful appeal procedures, this bill seeks to address the inequities inherent in current reimbursement practices.

In conclusion, we believe that House Bill 226: Patient Freedom of Pharmacy Choice represents a significant opportunity to advance patient rights, improve healthcare outcomes, and promote fairness in the pharmacy industry. We strongly support this important piece of legislation for the benefit of all Alaskan residents, and encourage all members of the Alaska House of Representatives to do the same.



Thank you for considering our perspective, and please do not hesitate to contact us if you require any further information or clarification.

Sincerely,

A handwritten signature in black ink, appearing to read "KHensley", followed by a horizontal line.

Kayla Hensley, PharmD
Fred Meyer Division Health Leader

March 19, 2024

Representative Jesse Sumner
House of Representatives
Alaska State Legislature
Rep.Jesse.Sumner@akleg.gov

Re: House Bill 226 – Pharmacy Benefit Manager Reform [Support]

Dear Representative Sumner,

I am writing in support of House Bill 226, 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. House Bill 226 and the companion Senate Bill 121, sponsored by Senator Cathy Giessel seek to strengthen the guardrails necessary to ensure pharmacy access can continue to persist for your constituents.

House Bill 226 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 House Bill 226 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, appearing to read 'Rob Geddes'.

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

CC:

Sarena Hackenmiller, Legislative Assistant: Sarena.Hackenmiller@akleg.gov