



Alaska Pharmacists Association

January 25, 2013

The Honorable Dennis Egan
Alaska State Senate
Alaska State Capitol Room 9
Juneau, AK 99801

RE: Senate Bill 8 – Pharmacy Audit

Dear Senator Egan,

On behalf of the members of the Alaska Pharmacists Association, I ask for your support of this important bill for the benefit of all pharmacies in the State of Alaska. Our membership includes pharmacists, pharmacy technicians, pharmacies and others interested in the practice of pharmacy throughout the state.

This bill will standardize the manner in which pharmacies may be audited and will allow for appeal in the case of disagreement. Pharmacies realized that audits may be a way to detect fraud, unlawful billing practices, and abuse, but sometimes they are done as a way of looking for additional revenue on the basis of overpayment for technical errors. These technical errors are ones where the right person got the right drug in the right dose but there was some sort of clerical or typographical error in the billing.

Some provisions of the bill that we think are especially important are:

- Two weeks notice to allow pharmacies to gather the needed information with less disruption to their daily routine
- Eliminating the first 7 days of the month from a potential audit would be very helpful because pharmacies see a greater number of prescriptions in the first part of the month
- Limiting the audit period to two years
- Disallowing the use of extrapolation when auditors determine over or underpayment
- Disallowing an overpayment to include the dispensing fee since overpayments are based on the cost of the drug and dispensing fees are for the service rendered
- Providing for a method of appeal

The Alaska Pharmacists Association appreciates your sponsorship of this important piece of legislation.

Sincerely,

Lara Nichols, PharmD, President

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