



Barbara Tuckness Huff
520 East 34th Ave, Ste 102
Anchorage, Ak 99503

February 18, 2013

RE: NCPA Requests Clarification Regarding Fair Pharmacy Audit Legislation Concerns from AK Teamsters

Dear Barbara:

The National Community Pharmacists Association (NCPA) has been informed that the Alaska Teamsters Union may have concerns regarding the enactment of S.B.8 or H.B.6 – Fair Pharmacy Audits. Specifically, it seems that such concerns have been raised based on the legislation’s perceived negative financial impact on Teamster prescription drug benefits. NCPA welcomes the opportunity to discuss these concerns with you in the hopes of clarifying any such misconceptions that may exist. The fact is this legislation simply provides reasonable and common sense protections for community pharmacies against abusive pharmacy audit practices and would have absolutely no financial impact on your operations.

NCPA represents our nation’s independent community pharmacists, including the owners of more than 23,000 community pharmacies, pharmacy franchises and chains. Together, they employ over 300,000 full-time employees and dispense nearly half of the nation’s retail prescription medicines. In Alaska there are approximately 40 community pharmacies which employ a projected 424 residents. Legislation such as S.B.8 and H.B.6 represents a priority issue for community pharmacy and NCPA has been intimately involved with many negotiations on such legislation across the United States.

In other states, PBMs have used similar “scare tactics” to try to convince other groups to oppose other NCPA priority legislation by suggesting that the legislation would hamper the PBMs’ operations which will then drive up health care costs. NCPA and Alaska pharmacies do not oppose the audit process in general and in fact recognize that the audit process, when properly and fairly applied, is simply a cost of doing business. However, fair pharmacy audit legislation is designed to correct the imposition of unfair and abusive audit practices that the PBMs currently use to generate revenue *for the PBM* based on minor, non-substantive errors.

Currently, twenty-two states have enacted fair and uniform pharmacy audit legislation into law and in none of those states has there been a corresponding increase in fraudulent claims and resultant costs. NCPA has been closely involved during the enactment of these bills in almost every one of the instances and in fact, many of these states crafted their legislation based on NCPA model language. To the best of NCPA’s knowledge in no state has there been opposition from the Teamsters Union or any other union organization regarding fair pharmacy audit legislation. Therefore NCPA is confused as to where the current concern in Alaska is coming from.

NCPA respectfully requests that the Alaska Teamsters Union provide a detailed explanation of their claims as to how S.B.8 or H.B.6 would pose a financial risk to their operations. NCPA is eager for the opportunity to review this account and ideally resolve any of the concerns you may have. We are confident that once NCPA is aware of the details of your concern we will be able to adequately explain why such concerns are unsubstantiated.

In conclusion, NCPA urges your support of S.B.8—legislation that will simply provide pharmacies an understandably needed degree of protection against the overaggressive and far reaching PBM audit practices.

We look forward to the review of the Alaska Teamsters detailed explanation of your concerns with S.B.8 and H.B.6.

Please feel free to contact me at matt.diloreto@ncpanet.org or 703-600-1223 should you have any questions.

Sincerely,

Matthew J. DiLoreto - Director, State Government Affairs

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