



Honorable Mike Dunleavy  
Chair Senate Labor & Commerce Committee  
State Capitol Room # 510  
Juneau, Alaska 99801

RE: Senate Bill 8 Pharmacy Audits

Dear Senator Dunleavy:

On behalf of the approximately 6,000 Teamster members and their families covered under our Health plan we are opposed to SB 8 which proposes to regulate the audit of our member's drug prescriptions. To better understand our opposition we believe it is important to explain our ever increasing health care costs. We experienced a 30% overall cost increase in the past year with total costs at \$42million. 12% of this was for prescription drugs. We continue to look for ways to reduce or save costs, while still providing comprehensive health care coverage to our members. A Pharmacy Benefit Manager (PBM) is necessary to help us navigate the expensive and complicated landscape of prescription drug coverage. We hire a PBM to process our prescription drug claims, develop and maintain the formulary (list of drugs covered by our benefit plan), contract with pharmacies and negotiate discounts with drug manufacturers. Additionally, they assist in identifying inappropriate prescribing by physicians, reducing medication errors and reducing our prescription drug costs. For all health plans, whether self-insured (funded by employers) or those purchased from an insurance company, rising prescription drug costs have contributed to rising premiums.

Last month we received a letter from the National Community Pharmacists Association based in Alexandria, Virginia questioning the Teamster motives for opposing the legislation before you today. They stated that this legislation is a result of abusive pharmacy audit practices. To date we have never had a pharmacist or pharmacy complain about our PBM's pharmacy audits. We are however concerned this legislation could ultimately protect bad players. Our employers and members cannot afford such a risk. We hire a PBM to reduce our cost. If the PBM is not able to perform their job and conduct reasonable audits, then we cannot support this legislation, nor should any employer who provides health benefits in this state.

I attended the annual meeting of the coalition of Alaska unions last week. The body united affirmed continued opposition to this legislation.

Your time and effort regarding this matter is greatly appreciated. We ask that you not move this bill from committee.

Sincerely

Rose Kalamarides  
Administrator  
Alaska Teamster Health Plan

Cc: Vice-Chair Senator Micciche  
Senator (s) Olson, Stedman & Ellis

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