

**Island Pharmacy
3526 Tongass Ave.
Ketchikan, AK 99901
907-225-6186
e-mail: island.pharm@juno.com**

March 13, 2016

Senator Cathy Giessel
State Capitol Room 427
Juneau AK, 99801

RE: SB 175 Pharmacy Benefits Managers

Dear Senator Giessel,

Thank you for sponsoring SB 175 Pharmacy Benefit Managers (PBM). I, with my father and family, operate Island Pharmacy in Ketchikan which has been serving Alaskans in southern Southeast Alaska for forty-two years. The passage of SB 175 is important and necessary for Alaskan pharmacies like ours to remain viable in the future.

While there are many important provisions in SB 175, I will outline two examples from our pharmacy that show the necessity of the legislation: timely allowance of appeal and generic drug pricing.

This past summer we received a large desk audit from a PBM which generated over 100 pages of documentation. Our two choices from the PBM for material transmission was either unsecured e-mail or fax. Naturally, we choose fax; however since our fax machine will only hold/send 50 faxes at a time we had to send two separate faxes which were so noted on cover letters and also in an e-mail to the auditor. Imagine our surprise when we got our audit results which showed we didn't include half the claims documentation. When we contacted the auditor she claimed they never received the second fax (even though we had confirmation that the fax went thru!). They eventually did allow us to resend the second fax however they only allowed a five day period on the final audit findings for appeal. This included a \$400 claim for an RX that wasn't even present in the original list of audited prescriptions claims that were send to us! The auditor claimed that they randomly select claims to send to prescribers to verify. In this case we checked with the prescriber's office and they had no documentation asking to verify the prescription but they were willing to write a letter on our behalf indicating the validity of that prescription and two others deemed "not verified by prescriber". In this case we received the final audit findings document from the PBM on a Thursday afternoon and were told any additional documentation needed to reach their office in the Midwest by the

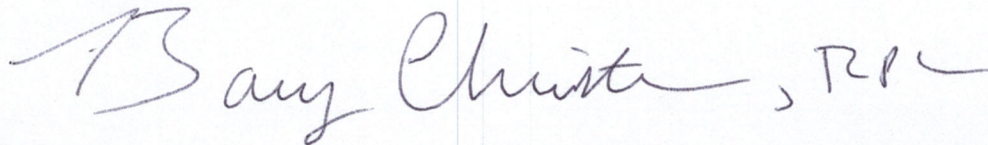
following Tuesday via USPS MAIL. This meant we had basically less than 24 hours to get our documents (and the letter from prescriber mentioned above) in the mail so it would reach them in time. We do not believe that was fair submission turn around time and quite frankly it was a miracle we were able to make the deadline.

During the last 2 weeks of February 2016 we had approximately 150 RX claims (excluding Medicaid claims) for generic drugs that were paid to us below invoice cost by the PBM's. These amounted to over \$1,500. Under the terms of our contract we are required to submit these claims. Yes, we can and do submit pricing appeals but rarely do we receive a positive result and even if we do we are usually not allowed to resubmit for the date of service of the Rx appeal. Obviously, any business cannot operate long under a payment system that reimburses below cost and we ask for help in making sure generic drug pricing in Alaska by the PBM's is fair.

We agree that audits are necessary to ensure that fraud, waste and abuse activities are checked. However, we believe that it is time for Alaska to enact laws that provide clarity in the audit process and provide timely price updates like 30 plus states have already done.

We appreciate you and your staff's efforts to help provide audit relief to Alaska pharmacies and the patients we serve.

Respectfully,

A handwritten signature in blue ink that reads "Barry Christensen, RPh". The signature is written in a cursive, flowing style.

Barry Christensen, RPh