



March 30, 2016

Honorable Mia Costello  
Chair Senate Labor & Commerce Committee  
State Capital  
Juneau, Alaska 99801

Re: Senate Bill 175

Dear Chairwoman Costello:

On behalf of the approximately 4500 Teamster members and their families covered under the Alaska Teamster-Employer Welfare Trust, we oppose SB 175 which proposes to regulate the audit of our member's prescription drugs.

Our PBM performs infrequent onsite audits within Alaska. The PBM's audit approach has transitioned away from extensive onsite audits. The audits being conducted which incorporate multi-source claim reviews are being done very concurrent to claim submissions to mitigate client prolonged risk to inaccurate payments and decrease repetitive errors through timely corrections. The Trust's PBM conducts a large volume of daily audits on high risk medications and performs desktop audits monthly to monitor pharmacy claims for aberrancies in claims payments. Audit expectations and process are clearly outlined in the PBM's Provider Manual which acts as an extension of the Provider Agreement ("contract").

Employer sponsored health plans, such as ours, hire a PBM to adjudicate prescription claims, to implement medication therapy management programs, negotiate discounts and rebates with drug manufactures, and to assist with lower-cost therapeutic alternatives.

While we understand the pharmacy position in needing to mitigate risk associated with punitive and aggressive audit tactics, the relationship between the pharmacy and the PBM is a negotiated contract and should remain as such. Business entities should be allowed to enter into a business arrangement and dictate the limitations of that arrangement. This should not require legislation.

We respectfully request you do not move this bill from committee.

Sincerely,

Dennie Castillo,  
Administrator  
Alaska Teamster-Employer Welfare Trust