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February 26, 2017

Senator Cathy Giessel
State Capitol Room 427
Juneau AK, 99801

RE: SB 38 Pharmacy Benefits Managers

Dear Senator Giessel,

Thank you for sponsoring SB 38 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-three years. The passage of SB 42 is important and necessary for Alaskan pharmacies like ours to remain viable in the future.

While there are many important provisions in SB 38, I will outline two examples from our pharmacy that show the necessity of the legislation: timely allowance of appeal and generic drug pricing.

We received a large desk audit from a PBM which generated over 100 pages of documentation. Our two choices for transmission for the material 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 was so noted on cover letters and also in e-mail to the auditor. Imagine our surprise when we got our audit results which showed we didn't include half the claim documentation. When we contacted the auditor they claimed the never received the second fax(even though we had confirmation that the fax went thru!). They 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 audit 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 prescribers 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.

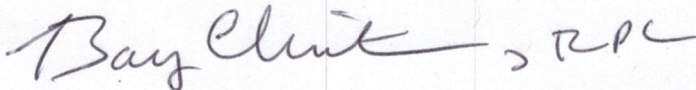
This meant we had basically less than 24 hours to get our documents(and letter from prescriber mentioned above) in the mail so it would reach them. We do not believe that was a fair submission turn around time and quite frankly it was a miracle we were able to respond in time.

During a recent two week period we had approximately 125 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 rarely allowed to resubmit for the date of service of the Rx appeal. Obviously, any business cannot operate long under payment mechanisms that reimburse 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 feel that it is time for Alaska to enact laws that provide clarity in the audit process and timely price updates like 30 plus states have already done.

I 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 dark ink, appearing to read "Barry Christensen, RPh". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Barry Christensen, RPh