



Alaska Pharmacists Association

May 16, 2017

Representative David Guttenberg
Alaska State Capitol
Juneau AK, 99801

RE: HB240 Pharmacy Benefits Managers

Dear Representative Guttenberg,

This letter is in response to the fiscal note dated May 15, 2017 from the Department of Administration regarding HB 240. The department's analysis included a few "potential" areas of fiscal impact which I will respond to below.

As you are aware HB240 requires the PBM to pay the Division of Insurance a fee to cover the costs associated of the pharmacy appeals process. We feel this fee would be part of the PBMs cost of doing business and should not be passed on as administrative fees payable from Alaskacare. Pharmacies are not allowed to bill back costs associated with PBM audit requests such as time and copying fees. Presumably this is a cost of doing business for the pharmacy with the PBM.

We feel HB 240 merely outlines the audit procedures and does not prevent the PBM from detecting fraud, waste or abuse patterns. Similarly, we do not believe the legislation restricts recoupment overpayments. The language in HB 240 is closely mirrored to model legislation that has passed in the majority of other states.

HB 240 does not require reimbursement of generic drugs at "certain levels". It merely says that PBM must prove that pharmacies can buy the drugs from wholesalers at the reimbursed rate. There is nothing in the bill that would delay or limit the ability of Alaskacare or other plans to benefit from cost savings with generic competition with brand name drugs that have lost their patent.

We agree with the administrations assessment that "it is difficult to know how this bill will impact pricing..." However, we are not aware of significant increases in generic drug spends in other states that have passed similar MAC pricing legislation. Generic drugs provide good value for consumers and insurance purchasers resulting in significant savings when compared to brand name drugs. . We feel the State should feel obligated to at least reimburse Alaskan pharmacies the purchase cost of dispensed generic drugs.

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Lastly, we take issue with the idea that wholesalers will increase generic drug prices simply because of this legislation. This would imply that there is collusion in the drug wholesaler industry. If the department really feels that this is or could be occurring then we would encourage it to undertake an investigation accordingly.

Thank you for the opportunity to comment on this matter. Please feel free to contact our association with questions.

Regards,

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Co-Chair Legislative Committee

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