



May 15, 2017

The Honorable Sam Kito
Chair House Labor and Commerce Committee
State Capitol, Room 124
Juneau, AK 99801

RE: House Bill 240 – Relating to Pharmacy Benefit Managers – Please Oppose

Dear Senator Kito,

Aetna is writing to respectfully oppose HB 240, Relating to Pharmacy Benefit Managers. HB 240 creates costly and unnecessary regulation. Aetna uses Pharmacy Benefit Managers to balance both the health needs of our members and the practical needs of businesses.

Issues of concern with HB 240 include furthering the oversight for Pharmacy Benefit Managers under the Division of Insurance. Pharmacy Benefit Managers are required to be licensed with the Alaska Board of Pharmacy; as a Third Party Administrator with the Division of Insurance and registered with as a business entity in the state. In addition, at the federal level, Pharmacy Benefit Managers hold multiple federal licenses to operate with the DEA, CMS (Medicare Part-D) and as a federal contractor. Adding the ability for the Division of Insurance to weigh into private contracts between a Pharmacy Benefit Manager and a Pharmacy, establish an alternative forum outside of the legal contract to address disputes and re-create an already existing arbitration process is unnecessary.

Aetna uses Pharmacy Benefit Managers in pharmacy plans for a variety of reasons including ensuring pharmacy claims are being processed and paid in an appropriate manner. Audits allow a health plan and the businesses it serves to make certain that the pharmacy claims they are paying for are appropriate and do not contain instances of fraud, waste and abuse. In a time of rising health care cost, preventing fraudulent activity is an important tool to help keep health care cost down. HB 240 would limit Pharmacy Benefit Manager's ability to audit pharmacies by limiting the number of prescriptions available to audit, limiting the days that an audit can occur and dictating the methods a Pharmacy Benefit Manager can use to audit a pharmacy.

HB 240 limits the ability of Pharmacy Benefit Managers to use an over forty-year-old tool, called the Maximum Allowable Costs (MAC) list. A MAC list is a common cost management tool that is utilized by Pharmacy Benefit Managers, state Medicaid agencies, CMS and Health Plans taking into account marketplace dynamics, product availability and pricing. The federal government and many state Medicaid programs use MAC lists for reimbursement purposes. MAC is the maximum allowable reimbursement by a Pharmacy Benefit Manager to a pharmacy for a



particular generic drug. Every manufacturer has its own price for a particular generic drug and these prices can differ extensively by manufacturer. MAC lists are continuously updated to reflect the current market dynamics and encourage pharmacies to purchase generics at the lowest possible cost, driving competition among wholesalers and manufacturers, thereby lowering costs for payers and members.

Healthcare costs in Alaska are among the highest in the United States and are continuing to rise each year. HB 240 will create more unfunded regulations that do nothing to improve access to care for Alaskans and will not aid in the efforts to control health care costs in Alaska.

Thank you for the opportunity to submit our concerns about HB 240.

Sincerely,

A handwritten signature in black ink, appearing to read "Shannon Butler", with a stylized flourish at the end.

Shannon Butler
Senior Director of Government Affairs, West Region



January 23, 2018

Honorable Sam Kito
House Labor & Commerce
State Capital Room #105
Juneau, Alaska 99801

Re: House Bill No. 240

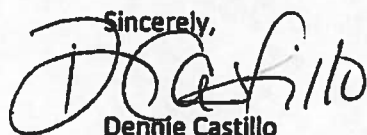
Dear Representative Kito:

On behalf of the approximately 4000 Teamster members and their families covered under the Alaska Teamster-Employer Welfare Trust, we continue to oppose House Bill No. 240 which proposes to regulate the audit of our members' prescription drugs.

The Plan's Prescription Benefit Manager (PBM) OptumRx performs infrequent onsite audits within Alaska; however, during any given calendar year would perform a maximum audit volume of 6-8% of the network pharmacies. The PBM's audit approach has also transitioned away from extensive onsite audits. The audits being conducted which incorporate claim reviews are done very concurrent to claim submissions to mitigate client prolonged risk to inaccurate payments due to repetitive errors. Our 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 processes are clearly outlined in the PBM's Provider Manual which acts as an extension to the Provider Agreement.

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

We ask that you not move this bill from committee.

Sincerely,


Dennie Castillo
Administrator
Alaska Teamster- Employer Welfare Trust

c: Vice-Chair Adam Wool
Member Representatives – Josephson, Stutes, Birch, Edgmon, Knopp and
Sullivan-Leonard