



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES

February 26, 2024

Senator Cathy Giessel
Senate Majority Leader
State Capitol Room 427
Juneau, AK 99801

Representative Jesse Sumner
Chair, House Labor and Commerce Committee
State Capitol Room 421
Juneau, AK 99801

RE: Senate Bill 121 (SB 121)/House Bill 226 (HB 226) – An Act relating to the Board of Pharmacy; relating to insurance; relating to pharmacies; relating to pharmacists; relating to pharmacy benefits managers; relating to patient choice of pharmacy; and providing for an effective date.

Senator Giessel and Representative Sumner,

On behalf of our member pharmacies operating in Alaska, the National Association of Chain Drug Stores (NACDS) is pleased to offer support for SB 121/HB 226. This important piece of legislation would add Alaska to a growing list of states that are taking meaningful action to rein in unfair and deceptive practices of pharmacy benefit managers (PBMs).

PBMs claim to reduce prescription drug costs, but their practices are key components of skyrocketing healthcare spending. Examples of these activities include unfair and opaque dealings with pharmacies with respect to network design which constructs artificial barriers that limit patient choice and competition, questionable pricing tactics, and below-cost reimbursement for pharmacy services. PBMs claim that their ability to negotiate with drug manufacturers and pharmacies reduces overall prescription drug costs. However, despite their claims, overall prescription drug spending continues to steadily increase. Putting an end to these PBM abuses is good for patients and will protect neighborhood pharmacies.

PBMs often reimburse affiliated pharmacies at rates higher than other similarly capable pharmacy providers. The adoption of standardized reimbursement rates for both affiliated and non-affiliated pharmacies increases transparency and creates protections for pharmacy providers. Additionally, this bill requires an objective and transparent pharmacy reimbursement standard – the “national average drug acquisition cost,” which is regularly updated by the Centers for Medicare and Medicaid Services (CMS). This would help maintain robust public access to pharmacies for essential medications and health services by providing them with financial stability.

Nearly 90 percent of Americans live within 5 miles of a pharmacy that is readily accessible and available to treat patient healthcare needs. Patients rely on their local neighborhood pharmacy for dispensing needed medications in addition to essential healthcare services like health screenings, disease state management, vaccinations, testing, and treatment services (e.g., patient counseling and medication adherence). However, this access to care can be undermined when a

PBM requires patients to use a specific or affiliate pharmacy or an affiliated pharmacy of another PBM. For example, in the current environment, some plans impose penalties, such as higher copays or other financial disincentives, for choosing a retail pharmacy instead of an affiliated pharmacy or mail-order pharmacy, which is often owned by the PBM. These imposed restrictions can cause disruptions in patient care, decrease patient adherence to prescribed medications, and limit patient access to the other important in-person services offered in retail pharmacies. Preserving patient access to robust pharmacy provider networks, as this bill aims to do, is extremely important because it can help to improve health outcomes and generate overall healthcare savings through preventative services and reduce the utilization of costlier medical interventions.

NACDS appreciates your sponsorship of this important legislation, and we look forward to working with the rest of the Alaska State Legislature to ensure its successful passage. For questions or further discussion, please contact Mary Staples, Director of State Government Affairs, at MStaples@nacds.org.

Sincerely,



Steven C. Anderson, FASAE, CAE, IOM
President and Chief Executive Officer

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NACDS represents traditional drug stores, supermarkets, and mass merchants with pharmacies. Chains operate over 40,000 pharmacies, and NACDS' member companies include regional chains, with a minimum of four stores, and national companies. Chains employ nearly 3 million individuals, including 155,000 pharmacists. They fill over 3 billion prescriptions yearly, and help patients use medicines correctly and safely, while offering innovative services that improve patient health and healthcare affordability. NACDS members also include more than 900 supplier partners and over 70 international members representing 21 countries. Please visit NACDS.org.