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TO: All Senators

DATE: December 20, 2010

FROM: Senator Michael J. Stack

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SUBJECT: Co-Sponsorship of Legislation

In the near future, **I will reintroduce Senate Bill 596 of the 2009-10 Session.** This legislation creates the Pharmacy Audit Integrity Act and a Pharmacy Error Reduction Committee.

The purpose of the legislation is to establish clear and unambiguous standards and rules for pharmacy audits, and to establish a Pharmacy Error Reduction Committee to develop a real-time, electronic pharmacy error reduction system. The legislation also establishes an appeals process using national industry standards.

Additionally, the legislation also prohibits the use of extrapolation audits. Extrapolation audits are typically an intensive review of claims for a 1-3 month period. Using the amount of errors over this time period, the Department of Public Welfare estimates the number of errors that a pharmacy would have made over a year and charges the difference to pharmacies.

Small independent pharmacies in my district have expressed their concerns with the extrapolation audits. They believe they are flawed because mistyping a physician's license number once does not mean it will happen again. They have also expressed concerns with the Department of Public Welfare's pharmacy audit procedures, which they find disruptive, confusing, and time-consuming. This legislation offers clear, straightforward pharmacy audit rules and a tool to eliminate billing errors. Eliminating errors will save the Commonwealth money and reduce administrative burdens for businesses.

Previous co-sponsors included Senators Alloway, Boscola, Costa, Earll, Ferlo, Fontana, Greenleaf, Hughes, Kitchen and O'Pake.

If you would like to co-sponsor the legislation, please contact my office at 7-9608.