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January 5<sup>th</sup>, 2022

The Honorable Jim Wood  
State Capitol, Room 6005  
Sacramento, CA 94249

RE: AB 933 – Prescription Drug Affordability

Dear Assemblymember Wood,

The California Access Coalition (CAC) is proud to sponsor **Assembly Bill 933, Prescription Drug Affordability**, which would lower patients' out-of-pocket costs for prescriptions at the pharmacy counter by reforming the current, unfair rebate system. Currently, only health care corporations benefit from the rebates, while patients continue to suffer under the high cost of prescription drugs. This problem has only been made worse as Californians struggle with economic loss due to the continuing COVID-19 pandemic.

In recent years, the Legislature has successfully passed legislation to provide protections for many patients, such as co-pay caps, but many Californians are still suffering from high out-of-pocket costs. When patients are facing their deductible or paying coinsurance, the amount they must pay is often based on the full list price of the medicine – even if their insurance company or pharmacy benefit manager (PBM) is only paying the discounted amount they negotiated with the manufacturer. On average, drug rebates result in PBMs and insurers paying 40 percent less than the list price of the medication.

In 2021, the West Virginia enacted [House Bill 2263](#), which will share 100 percent of the negotiated rebates with patients, calculated at the point of sale. This bill is a remarkable step forward in medication accessibility, affordability, and adherence for patients living with chronic conditions and serves as evidence that AB 933 can be implemented in California.

The California Access Coalition is committed to advocating for patient-centered policies that help eliminate barriers that keep Californians from accessing life-saving medications. Today's health care system faces a broad range of challenges, often leaving patients struggling to manage their care. Right now, patients are being forced to pay more out-of-pocket for their medicines and there is no question that the high cost of prescription drugs is a barrier to access. A Kaiser Family Foundation poll even found that nearly 30 percent of patients do not take their prescriptions as directed due to cost.<sup>1</sup>

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<sup>1</sup> KFF Health Tracking Poll (conducted February 14-24, 2019)

We support AB 933's intent to require that 90 percent of the rebates and discounts provided by pharmaceutical manufacturers be passed on to patients at the pharmacy counter.

Last year, the Department of Managed Health Care found that manufacturers provided \$1.2 billion in rebates, up 27 percent from 2017.<sup>2</sup> That amount would significantly alleviate the barriers patients face when picking up their prescriptions – particularly those with high deductible plans.

We know the health insurance industry will suggest that a distribution of the rebate savings to patients would increase the cost of premiums; however, that is not the case. A recent study demonstrates that even if health insurance companies were required to share all of the negotiated rebates with patients, premiums would increase at most one percent, while patients could save up to \$800 each year on their medicine costs.<sup>3</sup>

Recent analysis of AB 933 by the California Health Benefits Review Program (CHBRP) projects that this legislation has the potential to impact 836,000 Californians, saving them an average of 12 percent on each of their prescription medications.

AB 933 provides the Legislature with a vehicle to fix this broken part of the system to provide immediate relief for vulnerable Californians and lower health care costs for all.

Thank you for agreeing to author this important legislation. Should you have any questions, please do not hesitate to contact me at (916) 557-1166 x400.

Sincerely,



Le Ondra Clark Harvey, PhD.  
Executive Director  
California Access Coalition

CC: Tam Ma, Office of Governor Gavin Newsom  
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Asm. Miguel Santiago, Member, Assembly Health Committee  
Asm. Marie Waldron, Member, Assembly Health Committee

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<sup>2</sup> California Department of Managed Health Care, Prescription Drug Cost Transparency Report, 2019

<sup>3</sup> 2019 Milliman, "Can Voluntary POS Rebates Work for Medicare Part D?"