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Senator Bradford Introduces Bill to Reduce Patients' Out-of-Pocket Costs

Senate Bill 873 will reform the current rebate system so patients can benefit from lower prescription drug costs at the pharmacy counter.

(SACRAMENTO, CA) – California patients will see the cost of their prescription medications lowered under a bill introduced by Senator Steven Bradford (D-Gardena) and sponsored by the [California Access Coalition](#). This legislation, co-sponsored by the [Diabetes Patient Advocacy Coalition](#) and the [Patient Pocket Protector Coalition](#), will reduce patients' out-of-pocket costs by requiring health insurance companies to share 90% of negotiated rebates at the point-of-sale. By lowering out-of-pocket costs at the pharmacy counter, [SB 873](#) helps patients better afford their medicines, leading to improved adherence rates and overall health outcomes.

“The current rebate system allows large health insurers and their pharmacy middlemen to siphon off billions of dollars from the health care system each year – all at the expense of patients,” said Senator Bradford. “By reforming the current system, we can ensure that patients benefit from reduced medication prices.”

Health insurance companies and pharmacy middlemen, or Pharmacy Benefit Managers (PBMs), negotiate substantial rebates and discounts when purchasing medications from drug manufacturers. The price insurers and PBMs pay ends up being significantly lower than the “list price” of the medicine – the price a patient with a commercial health plan pays at the pharmacy counter. This leads to many patients, particularly those in high-deductible health plans, having to choose between paying thousands of dollars each month for their medications or not taking them as prescribed.

“Thousands of patients are forced to ration or skip their medications because of high out-of-pocket costs at the pharmacy counter, leaving them with lapses in treatment and worse health outcomes.” said Le Ondra Clark Harvey, PhD, Executive Director of the California Access Coalition. “By addressing and reforming this abhorrent system, patients will finally benefit from rebates and be able to better afford their medicines.”

Although rebates were never intended to flow to PBMs, in 2021, these rebates totaled \$1.7 billion in California alone, up from \$1.4 billion in 2020 and \$1.2 billion in 2019.¹ These dollars are meant to directly lower costs for patients, not expand profit margins.

¹ Department of Managed Health Care, [Prescription Drug Cost Transparency Report, 2021](#).

“Every month, I go to the pharmacy to pick up my daughter’s prescription, which prevents excruciating flare ups that cause her skin to bubble like a third-degree burn. Even though I have insurance, my out-of-pocket cost is more than \$5,000 per month for one prescription,” said Colleen Henderson, a forensic accountant, CEO & Founder of [Windemere Partners](#), and mother of a teenage girl with Hidradenitis Suppurativa, a rare autoimmune disorder. “What’s the point of insurance if I pay the premiums and deductibles and still can’t afford the medication my daughter needs? Sharing manufacturers’ rebates with consumers like me is common sense.”

With passage of SB 873, commercial health insurance plans regulated by the state will be required to pass on at least 90% of rebates to patients, making their prescriptions more affordable and helping to ensure they stay healthy.

About California Access Coalition

Patients Before Profits is a campaign by the California Access Coalition (CAC). CAC is a network of local and state behavioral health organizations, patient advocacy groups, and pharmaceutical companies that advocate to eliminate barriers that keep Californians from accessing medication and behavioral health treatment. Follow CAC on [Twitter](#) and learn more by visiting www.californiaaccesscoalition.org.