



Assemblymember Tom Daly
69th Assembly District

AB 933 – Prescription Drug Affordability

Summary

This bill lowers patients' out-of-pocket costs for prescription drugs by requiring a certain percentage of manufacturer rebates be passed on to the patient at the pharmacy counter.

Background

The cost of prescription drugs to patients is often much higher than the cost to their insurance company. Health insurance companies and pharmacy benefit managers (PBMs) receive payments from drug manufacturers to decrease the cost of the medicine but do not share these savings with patients.

In 2019, the Department of Managed Health Care reported that health plans received more than \$1.2 billion in rebates to lower the price of drugs. Health plans get these rebate dollars but nothing requires insurers to make sure patients benefit. Right now, patients are being forced to pay more out-of-pocket for their medicines due to an increase in deductibles and the use of coinsurance. In fact, a report from the California Department of Managed Health Care found that prescription drugs accounted for 12.8% of total health plan premiums in 2019, while the amount of California premium dollar that went to health plan profits increased 27.5%. Rebates on prescription drugs should be used to decrease the cost burden for patients when they are in the expensive deductible phase.

Problem

When patients are facing their deductible and they go to the hospital or doctor, the patient gets to pay the in-network rate that was negotiated by the health insurer. That is not the case for prescription

drugs. When a patient pays for a drug in the deductible phase or pays coinsurance, the amount they must pay is based on the full price of the drug – even if their health insurer and PBM are paying a lower amount they negotiated with the manufacturer.

For example, for a drug with a \$100 list price, a health insurer or PBM may negotiate a rebate of \$40, for a net cost to them of \$60. But a patient still in their deductible pays the full \$100. A patient with a 25% coinsurance pays \$25 for a medicine with a \$100 list price, rather than the \$15 they would pay if the coinsurance was based off the rebated amount being paid by the health insurer.

Solution

Sharing these savings will immediately lower prescription drug costs for many patients, helping them better access the medicines they desperately need.

Requiring those that receive rebates – health insurers and PBMs – to pass on a sizeable percentage (90%) of rebates to the patients will provide patients immediate monetary relief.

Support

California Access Coalition (sponsor)
Albie Aware Breast Cancer Foundation
Applied Pharmacy Solutions
Arthritis Foundation, CA Chapter
CA Assn. of Social Rehabilitation Agencies
CA Black Health Network
CA Chronic Care Coalition
California Health Collaborative
California Hepatitis C Task Force



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Support (con't)

CA Medical Assn.

CA Retired teachers Assn.

CA State Commanders Veterans Council

Carrie's TOUCH

Community Health Action Network

Depression and Bipolar Support Alliance

Diabetes Leadership Council

FAIR Foundation

Familia Unida

League of Latin American Citizens

Liver Coalition of San Diego

Lupus Foundation of America, Southern CA

Medical Oncology Assn. of Southern California

Sacramento Black Chamber of Commerce

The Kennedy Forum

For More Information

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