



May 29, 2019

The Honorable Richard Pan, Chair  
Senate Health Committee  
State Capitol, Room 5114  
Sacramento, CA 95814

**Re: AB 1803 (Committee on Health) – Claims for prescription drugs sold for retail price - SUPPORT**

Dear Chairman Pan,

The California Retailers Association (CRA) and the National Association of Chain Drug Stores (NACDS) are pleased to support AB 1803 (Committee on Health), which delays the implementation of AB 315 (Chapter #905, 2018) and AB 2863 (Chapter #770, 2018) until January 1, 2020.

Pharmacies are supportive of providing customers with information regarding the retail price of a drug if and when it is lower than their cost-sharing amount. Pharmacies are also supportive of the authors' original intent to ensure that a patient who chooses to pay retail price for the drug because it is cheaper still has the opportunity to have that amount deducted from their health plan's required deductible.

Unfortunately, pharmacies are not able to full comply with the requirement in Section 4079.5(b) which requires them to submit a patient's retail price to the health care service plan. Although pharmacies can comply if they have a contract with a pharmacy benefit manager to charge the "lesser of" to the patient, if there is no "lesser of" contract pharmacies are not able to comply with this requirement for two reasons:

1. There are no computer fields available currently within the health care service plan's system that allows them to submit a claim based on a patient paying cash for a drug.
2. If a computer field is developed by a health plan, there is concern that a new "transaction standard" might need to be developed by the National Council for Prescription Drug Programs (NCPDP) and approved by the Centers for Medicaid & Medicare Services (CMS). In most cases, without a specific standard in place, pharmacies are at risk of violating HIPAA requirements that protect patient privacy.

NACDS and CRA retail pharmacy members are very supportive of the ability of patients to submit their cash price information directly to the health plan to be applied to their deductible, and are willing to work with the Legislature and Board of Pharmacy to ensure that patients have their receipt showing their cash payment. However, at this time pharmacies do not have the capability to submit the claim for the patient. We are hopeful that in the next year pharmacies can work with their contracted health plans to develop an approved computer field that will allow them to submit the cash price information to the plan on behalf of the patient.

The California Retailers Association is the only statewide trade association representing all segments of the retail industry including general merchandise, department stores, mass merchandisers, restaurants, convenience stores, supermarkets and grocery stores, chain drug, and specialty retail such as auto, vision, jewelry, hardware and home stores. CRA works on behalf of California's retail industry, which currently operates over 400,000 retail establishments with a gross domestic product of \$330 billion annually and employs over 3 million people—one fourth of California's total employment.

The National Association of Chain Drug Stores advances a pro-patient and pro-pharmacy agenda. For the ultimate benefit of the consumers served by NACDS members, the mission of NACDS is to advance the interests and objectives of the chain community pharmacy industry, by fostering its growth and promoting its role as a provider of healthcare services and consumer products.

For the reasons listed above, we support AB 1803 (Committee on Health). Please do not hesitate to contact Jennifer Snyder with Capitol Advocacy at (916) 444-0400 if you have any questions.

Sincerely,



Rachel Michelin  
President  
California Retailers Association



Mary Staples  
Director, State Government Affairs  
National Association of Chain Drug Stores

Cc: Members, Senate Health Committee