



July 3, 2019

The Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

Re: AB 1803 (Committee on Health) – Claims for prescription drugs sold for retail price – SIGNATURE REQUEST

Dear Governor Newsom,

The California Retailers Association (CRA) and the National Association of Chain Drug Stores (NACDS) are pleased to support and request your signature on 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 currently able to fully 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. Pharmacies and health plans need additional time to develop new contracts which allow for the "lesser of" arrangements to provide the computer fields that allow for pharmacies to submit a cash price value instead of a co-payment amount.

CRA and NACDS strongly support AB 1803 because it will provide pharmacies and health plans the time they need to set up their contracts and computer systems to allow for the cash price information to be shared effectively and efficiently. We are hopeful that in the coming months pharmacies can continue to 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 respectfully request your signature on 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: The Honorable Jim Wood, Chair, Assembly Health Committee
Members, Assembly Health Committee