



May 20, 2020

The Honorable Dr. Joaquin Arambula
Chair, Assembly Budget Subcommittee No. 1

The Honorable Dr. Richard Pan
Chair, Senate Budget Subcommittee No. 3

State Capitol
Sacramento, CA 95814

Re: Budget Proposal to Eliminate Reimbursement for Pharmacy Services - OPPOSE

Dear Chairs Arambula and Pan,

The California Retailers Association (CRA) and the National Association of Chain Drug Stores (NACDS) write to register our strong opposition to the elimination of Medi-Cal reimbursement for pharmacist-delivered services proposed in the Governor's revised 2020-21 State Budget.

CRA and NACDS understand that California is in the midst of a declared State of Emergency due to the COVID-19 pandemic, which has thrust the state into a deep recession and necessitated painful budget cuts. However, Medi-Cal caseload is projected to increase by 2 million lives, bringing the number of Californians receiving Medi-Cal benefits to 14.5 million by July 2020. During this time, when the healthcare system is at risk of being overloaded and Medi-Cal caseload is drastically increasing, California must preserve access to pharmacist-delivered services for Medi-Cal beneficiaries.

Pharmacists play a critical role in the delivery of healthcare services for patients in California. Pharmacies are often the first point of contact for patients and are more readily accessible and approachable for patients who may choose not to go to a clinic. SB 493 (Hernandez), Chapter 469, Statutes of 2013 and subsequent regulations approved by the Board of Pharmacy in 2016 authorized pharmacists to provide a number of preventative health care services to patients. Those services include providing self-administered hormonal contraceptives, vaccines, nicotine replacement products, travel medications, and naloxone directly to patients. AB 1114 (Eggman), Chapter 602, Statutes of 2016 added these services as Medi-Cal benefits and set reimbursement at 85% of the fee schedule for physician services.

The Governor's proposal to eliminate Medi-Cal coverage of these services will not only limit access to preventative care, it also eliminates potential Medi-Cal program cost savings. Pharmacists are reimbursed at 85% of the physician reimbursement rate, making pharmacist-delivered services a cost-effective alternative to physician-based services. As the Legislature

examines ways to reduce pressure on the state's General Fund, eliminating pharmacy services should not be an option. In fact, the proposed budget elimination could have the opposite effect, driving patients to more expensive physician services or worse, limiting Medi-Cal beneficiaries' access to crucial services. Pharmacist-administered vaccines are an especially important service for patients. Eliminating Medi-Cal reimbursement for this service may decrease access to vaccinations and increase the public health risk at a time when safeguarding public health is absolutely crucial.

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 represents traditional drug stores, supermarkets and mass merchants with pharmacies. Chains operate over 40,000 pharmacies, and NACDS' over 80 chain member companies include regional chains, with a minimum of four stores, and national companies. Chains employ nearly 3 million individuals, including 157,000 pharmacists. They fill over 3 billion prescriptions yearly, and help patients use medicines correctly and safely, while offering innovative services that improve patient health and health care affordability.

For the reasons listed above, we strongly oppose the Governor's proposed elimination of pharmacist-delivered services in his revised 2020-21 State Budget. 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



Steven C. Anderson, FASAE, CAE, IOM
President and Chief Executive Officer
National Association of Chain Drug Stores

cc: The Honorable Holly Mitchell, Chair, Senate Budget & Fiscal Review Committee
The Honorable Phil Ting, Chair, Assembly Budget Committee
Members, Assembly Budget Subcommittee No. 1 on Health and Human Services
Members, Senate Budget Subcommittee No. 3 on Health and Human Services
Dr. Bradley Gilbert, Director, Department of Health Care Services
Stuart Thompson, Office of Governor Gavin Newsom