



March 18, 2021

The Honorable Jim Wood, Chair  
Assembly Health Committee  
State Capitol, Room 6005  
Sacramento, CA 95814

**Re: AB 671 (Wood) Medi-Cal Pharmacy Benefits - SUPPORT**

Dear Chairman Wood,

The California Retailers Association (CRA) and National Association of Chain Drug Stores (NACDS) are pleased to support AB 671, which will require the Department of Health Care Services (DHCS) to provide disease management or similar payment to DHCS contracted pharmacies dispensing specialty drugs to Medi-Cal beneficiaries in alignment with the 2020 DHCS Maximum Allowable Ingredient Cost (MAIC) survey.

Millions of Californians turn to their local pharmacies every day for their medications, vaccinations, and more, and pharmacies are readily accessible in most communities with most Californians living within five miles of a pharmacy. Among the prescriptions dispensed to patients by community pharmacies throughout the state are specialty drugs. Patients rely on specialty drugs to treat their chronic diseases and complex conditions, and medication adherence is critical to keep these patients healthy and out of institutional settings. Drugs in this “specialty” category include medications that treat HIV, behavioral health conditions, cancer, and chronic diseases – all of which often require expensive care.

Due to a recent reimbursement change by the state, it appears that some pharmacies in California may be reimbursed below the acquisition cost of these specialty medications to Medicaid beneficiaries. Further, it appears that pharmacies may not currently be reimbursed under the state’s Medicaid program for providing care to patients who require specialty drugs, like those diagnosed with HIV, diabetes, and behavioral health conditions. Together these challenges act as a barrier for pharmacies to provide these critical medications/services to patients, undermining access to care and medication adherence. AB 671 can help ensure Medi-Cal beneficiaries have access to life-saving medications/services by providing a pathway for pharmacy reimbursement of these medications/services under the Medicaid program in alignment with the 2020 MAIC survey.

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 operates over 400,000 retail establishments with a gross domestic product of billions annually and employs millions of Californians.

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 155,000 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 outlined above, CRA and NACDS are happy to support AB 671 and urge an "AYE" vote in Assembly Health Committee. Please do not hesitate to contact Jennifer Snyder or Lindsay Gullahorn with Capitol Advocacy at [jsnyder@capitoladvocacy.com](mailto:jsnyder@capitoladvocacy.com) or [lgullahorn@capitoladvocacy.com](mailto:lgullahorn@capitoladvocacy.com) if you have any questions.

Sincerely,



Rachel Michelin, President  
California Retailers Association



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

cc: Members, Assembly Health Committee  
Scott Bain, Principal Consultant, Assembly Health Committee  
Gino Folchi, Assembly Republican Caucus