



Senator Anna Caballero
Chair, Senate Appropriations Committee
1021 O Street, Room 7620
Sacramento, CA 95814

Re: Support of SB 966 – Critically Needed PBM Reforms

Dear Senator Caballero,

The National Association of Chain Drug Stores (NACDS) is pleased to offer our support for Senate Bill 966. This legislation includes important reforms to strengthen California’s laws for pharmacy benefit managers (PBMs) – the companies that manage prescription benefits on behalf of health plans – by helping to curb unfair and anticompetitive-like business practices that enrich PBMs at the expense of patients and their pharmacies.

Senate Bill 966 includes provisions that would prohibit the use of “spread pricing,” a tactic by which PBMs profit by charging a health plan one amount for a drug, reimbursing the pharmacy a lower amount for dispensing that drug, and keeping the difference for themselves. This is in addition to fees paid to PBMs to administer the pharmacy benefit and is another example of unnecessary cost inflation being introduced into the healthcare system for the sole benefit of PBMs. SB 966 would also provide other vital reforms, including requiring 100% pass-through of manufacturer rebates to plan sponsors to keep patient premiums low, prohibiting the steering of patients to PBM-affiliated pharmacies, and requires PBMs to obtain a license to operate in the state. Altogether, the PBM reforms encompassed in this bill are needed to help protect pharmacy providers from the abusive PBM business practices that can jeopardize the future of pharmacy as well as the sustainability of providing pharmacy services and ultimately patient access to care. **SB 966 will result in minimal costs to the state as the bill requires PBMs to pay licensing fees to cover the cost of oversight and licensing by the Department of Insurance.**

The public relies on neighborhood pharmacies for important healthcare services like health screenings, disease management, vaccinations, testing services, patient counseling, essential medications, and more. Putting an end to PBM abuse is good for patients and will protect neighborhood pharmacies. ***For these reasons, we ask the Committee to vote in support of SB 966.*** For questions or further discussion, please contact Sandra Guckian, Vice President, State Pharmacy & Advocacy, at SGuckian@NACDS.org.

Sincerely,

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

CC: The Honorable Scott Wiener, Author
Members of the Appropriations Committee