



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES

August 31, 2024

The Honorable Gavin Newsom
Governor, State of California
1021 O St., Suite 9000
Sacramento, CA 95814

Re: SB 966 (Wiener) – Pharmacy Benefits: REQUEST FOR SIGNATURE

Dear Governor Newsom,

On behalf of our members operating in California, the National Association of Chain Drug Stores (NACDS) wishes to express its strong support for SB 966 (Wiener). NACDS applauds the State Legislature for recognizing the essential need to enact critical Pharmacy Benefit Manager (PBM) reform despite continued efforts by the PBMs to oppose and undermine such reforms. While more than 130 new PBM reform laws were enacted across the United States from 2021 to 2023, additional reforms, like those encompassed within SB 966, are urgently needed. Enactment of SB 966 will ensure that California takes the crucial first steps toward providing reasonable oversight measures, protecting equitable patient access and supporting your efforts to lower drug costs across California. **NACDS requests your signature on SB 966 to help preserve and expand patient access to pharmacists, pharmacies of all sizes, and the Californians they serve.**

As an industry, PBMs have unfortunately been highly unregulated. They claim to reduce prescription drug costs, but their practices are key components of skyrocketing healthcare spending. PBM activities include unfair and opaque dealings with pharmacies with respect to reimbursement, network design, audit practices, constructing artificial barriers that limit patient choice and competition, steering patients to their own mail-order and retail operations, and switching patients to more expensive medications that benefit the PBM. PBMs claim that their ability to negotiate with drug manufacturers and pharmacies reduces overall prescription drug costs. However, despite their claims these healthcare middlemen regularly inflate the prices patients pay for medications and frequently force our community pharmacies to operate at a loss. In fact, “[California] Health plans paid about \$12.1 billion for prescription drugs in 2022, an increase of almost \$1.3 billion, or 12.3%, from 2021. Since 2017, prescription drug costs paid by [California] health plans increased by \$3.4 billion or 39%.”¹

Californians rely on their community pharmacies for dispensing of needed medications and essential healthcare services like health screenings, disease state management, vaccinations, testing, and treatment services (e.g., patient counseling, medication adherence, HIV prevention). SB 966 takes a critical step forward in ensuring patients’ continued equitable access to community pharmacies. Without necessary guardrails to

¹ <https://www.dmhc.ca.gov/Resources/Newsroom/December26,2023.aspx>

ensure reasonable and sufficient reimbursement for community pharmacies across California, inadequate or below-cost reimbursements could force pharmacies to either operate at a loss, be unable to stock certain medications, or worse, potentially close their doors permanently – negatively impacting Californians' equitable access to essential pharmacy services, ultimately worsening patient outcomes, reducing medication adherence, and increasing prescription abandonment, and increasing hospitalizations and emergency department visits.

NACDS supports California's continued commitment to preserving and expanding patient access to pharmacists and pharmacies of all sizes through enactment of SB 966. We strongly urge your signature ensuring this critical step toward oversight of harmful PBM practices.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven C. Anderson". The signature is fluid and cursive, with a long horizontal stroke at the end.

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