

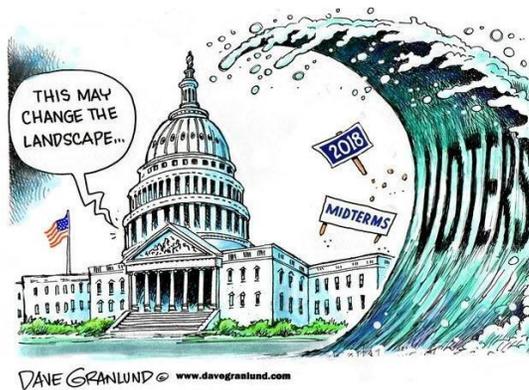
CALIFORNIA POLICY UPDATE

FEBRUARY 20, 2019
DAVID GONZALEZ



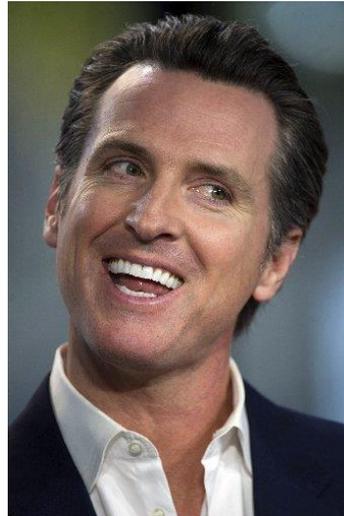
CALIFORNIA POLITICAL LANDSCAPE. NOV. 18 MID-TERMS

- Democrats, who already held strong majorities *increased* their numbers.
- After the election, the Legislature includes:
 - In the 80 member Assembly:
 - 60 Dems; 20 Reps.
 - In the 40 member Senate:
 - 29 Dems to 11 Rep
- In addition, recently one Assembly Republican switched parties NOW making the California Assembly 61 Dems to 19 Reps.



DEMOCRATS ADDITIONAL GAINS

- Democrats hold all statewide elected offices, including the Governor's Office.
- Democrats pick up 6 congressional seats.
- Mid-terms are traditionally the Republicans stronger year.



3

3

RX PRICING: EXEC. ORD. N-01-19 PART I

4

- **Findings:** "establishing a single-purchaser for the highest-cost prescription drugs that will yield valuable insights into the design of a broader single-payer system, and move the State one step closer to a comprehensive solution for affordable and accessible health care for all."
- **Orders:**
 - DHCS to take all necessary steps to transition all pharmacy services for Medi-Cal managed care to a fee-for-service benefit by 1/21.
 - DGS to develop a list of prescription drugs that can be prioritized for future bulk purchasing initiatives or reexamined for potential renegotiation with the manufacturer.
 - In developing the list, DGS must consider the **25 highest-cost prescription drugs**, which collectively account for approximately half of the State's prescription drug expenditures.
 - Report of these prioritized drugs due to the Governor by 3-15-19.

4

RX PRICING: EXEC. ORD. N-01-19 PART 2

5

- DGS to develop and implement bulk purchasing arrangements for high-priority drugs based on the prioritized list by **4-12-19**.
- DGS to develop framework for enabling private purchasers to benefit from State bulk pharmaceutical purchasing;
 - The framework should incorporate the opportunity for private purchasers--including small businesses, health plans, and the self-insured--to opt in to a State purchasing program.

AMERICA'S
PHYSICIAN
GROUPS

5

RX PRICING: EXEC. ORD. N-01-19 PART 3

6

- DHCS proposed a similar approach in 2014.
 - The proposal failed with opposition from managed care plans.
- Instead, CA adopted SB 870 from 2014 which authorized DHCS to collect supplemental rebates on specified “high cost drugs”
 - These “high cost drugs” included treatments for Hep C, HIV/AIDS, oncology, blood factors.

AMERICA'S
PHYSICIAN
GROUPS

6

RX PRICING: EXEC. ORD. N-01-19 PART 4

7

- Senate Budget Hearing on the proposal:
 - PhRMA was neutral on the Executive Order.

AMERICA'S
PHYSICIAN
GROUPS

7

GOVERNOR'S LETTER TO PRESIDENT AND CONGRESS. PART I.

8

- 1/7/19, Governor Newsom sends letter to President Trump and Congressional leaders to request empowering "States like mine to design and implement truly transformative solutions for securing affordable health care for all."
- Letter requests: "amend federal law to enable State to apply for and receive Transformative Cost and Universal Coverage Waivers, empowering California to truly innovate and to begin transformative reforms that provide the path to a single-payer health care system."

AMERICA'S
PHYSICIAN
GROUPS

8

GOVERNOR'S LETTER TO PRESIDENT AND CONGRESS. PART 2.

9

■ **TRANSFORMATION COST AND COVERAGE WAIVERS:**

- Assure competition by making public plan options available in areas with limited health carriers;
- Use tools such as all-payer pricing to address rising health care costs;
- Promote improvements to how care is delivered, supporting care coordination and payment systems that reward better quality;
- “Unlike the current standards tied to ‘budget neutrality,’ this new waiver would be fiscally aligned with the federal government’s goal of reducing the uninsured, lowering costs, and improving quality.”
- “The waivers would serve as the funding mechanism rewarding States that are relatively more successful in achieving these goals. For example, additional funding should be made available for States that are more effective at lowering the rate of the eligible uninsured, containing costs effectively, and promoting quality.”

AMERICA'S
PHYSICIAN
GROUPS

9

GOVERNOR'S LETTER TO PRESIDENT AND CONGRESS. PART 3.

10



AMERICA'S
PHYSICIAN
GROUPS

10

NEW 2019 PENDING LEGISLATION

BILLS INTRODUCED FOR THIS SESSION



11



- The DOJ's Security Prescription Printers Program establishes requirements for paper prescriptions for **Schedule II thru V** controlled substances.
- Last year the California legislature added **uniquely serialized numbers** to the requirements for these prescription forms.

12

AB 149 (COOPER) RX PADS. PART 2

13

AB 149 would:

- Delay the unique serialized number requirement until a “date determined by the Department of Justice” but no later than 1/1/20;
- Until January 1, 2021, authorizes pharmacies to fill prescriptions on forms that were valid prior to January 1, 2019.
- AB 149 is passing quickly and with strong bipartisan support.

AMERICA'S
PHYSICIAN
GROUPS

13

THANK YOU!!

14

PHYSICIAN
GROUPS

14