

AB 2863 (NAZARIAN): HEALTH CARE COVERAGE: PRESCRIPTIONS

POSITION: The Chamber's healthcare Committee voted to SUPPORT AB 2863 on May 9, 2018. The Public Policy Committee voted to SUPPORT the bill on June 12, 2018.

RATIONALE: AB 2863 addresses an unintended cost issue regarding pharmaceuticals.

STATUS: Assemblymember Nazarian introduced AB 2863 on February 16, 2018. It has passed out of the Assembly Committee on Health and Assembly floor, and has been referred to the Senate Committee on Health.

SUMMARY

AB 2863 prohibits a health plan, health insurer or pharmacy benefit manager (PBM) from requiring an enrollee or insured to pay the applicable cost-sharing amount for a prescription medication if the cost-sharing amount is higher than the retail price. This bill seeks to address the increasing incidents of commercially insured patients' co-payments exceeding the total cost of the drug to their insurer. This bill seeks to guarantee that enrollees are not paying higher than necessary prices for their prescriptions.

INDUSTRY/IES IMPACTED

This bill will primarily impact the healthcare industry, specifically pharmacies.

SUPPORTERS

California Chronic Care Coalition (sponsor)
AIDS Health Care Foundation
California Association of Health Plans
Express Scripts
Lupus LA
Neuropathy Action Foundation
U.S. Pain Foundation

OPPONENTS

None known

ARGUMENTS IN FAVOR

The Chronic Care Foundation states that the need for the bill is to protect against PBM clawbacks, which they define as "when [a patient's] prescription co-pay is more than the drug cost if they paid the cash price... the overpayment goes to the PBM as profit." AB 2863 would remove the profit incentive in the middle-party of the process of receiving medications which are increasingly costly.

ARGUMENTS IN OPPOSITION

The consumer pays the amount as negotiated between a PBM and the drugstore it contracted with. The opportunities for various discounts or other promotional prices should not be the responsibility of one person to maintain, coordinated and be responsible for.

MORE INFORMATION

AB 2863 seeks to address a single component of the contracting processes between a PBM and a drugstore or a pharmacy. It stands to reason that there is a larger conversation that should be had around the role of PBM's, their value and the regulatory environment in which they operate and what expectations the state has of them.