
Selected California Legislation of 2002

Medpin has identified and summarized selected California bills relating to medication access by vulnerable patients.

SB 697 (Speier) - Mandate drug company rebates for Medicare beneficiaries

Speier legislation approved last year created the Golden Bear Pharmacy Assistance Program, a voluntary rebate program involving Medicare beneficiaries, pharmacies, and drug manufacturers. This bill amends that law to require that manufacturers who participate in Medi-Cal also participate in Golden Bear. *Failed Passage.*

SB 1278 (Speier) - Eliminate "sunset" of Medicare discount program

(1) Existing law requires that pharmacies participating in Medi-Cal charge Medicare beneficiaries who show their Medicare card a price not to exceed the Medi-Cal reimbursement rate for prescription medicines. This bill removes the January 2003 sunset date, and requires the Department of Health Services to conduct outreach on this program. (2) Authorizes the Golden Bear Pharmacy Assistance Program to contract with a private person or entity to assist program implementation, and to collect administrative fees and prospective rebates from drug manufacturers for the Program fund. *Signed into law September 13, 2002, Chapter 542.*

SB 1315 (Sher) - State drug purchasing

Presents Legislative findings that the Department of General Services currently uses the bid process to develop contracts with drug manufacturers, and Legislative intent that the department coordinate bulk purchasing of drugs and investigate other strategies to achieve the greatest cost savings. States that the department may enter into contracts on a bid or negotiated basis with manufacturers and suppliers of brand name or generic drugs, and to contract with a pharmaceutical benefits manager or other entity to negotiate drug prices, purchase drugs, or consult with the Department. The California departments of Mental Health, Corrections, Youth Authority, and Developmental Services are required to participating in the purchasing program; other state and local entities may also choose to participate. Requires a report to the Legislature on the contracts entered into, entities choosing to participate, and estimated costs and savings attributable to these activities. *Signed into law September 11, 2002, Chapter 483.*

SB 1413 (Chesbro) - Medi-Cal reimbursement rates

Enacts various requirements for the Department of Health Services (DHS) implementation of a new Medi-Cal Prospective Payment System for federally qualified health centers (FQHCs) and rural health clinics (RHCs). Implements the mechanism for an FQHC or RHC to apply for an adjustment to its per-visit rate based on a change in the scope of services provided by the center or clinic. Permits an FQHC or RHC to bill for dental or pharmacy services on a fee-for-service basis, utilizing the current fee schedules established for those services. *Vetoed by the Governor, whose veto message encouraged the author to resubmit revised legislation next year.*

SB 1426 (Romero) - Medi-Cal coverage of Alzheimer's drugs

This bill would require that any drug approved by the federal Food and Drug Administration for the treatment of Alzheimer's disease be added to the Medi-Cal list of contract drugs and be a Medi-Cal benefit under the same circumstances as any drug approved for the treatment of cancer. *Failed Passage.*

SB 1727 (Soto) - Pharmaceutical Evaluation Commission

Requests the University of California to establish a nine-member Pharmaceutical Evaluation Commission to review and disseminate evaluations of drugs (including brand name and generic drugs) in selected therapeutic classes. The commission shall, for each drug or therapeutic class of drugs evaluated, try to identify the relative clinical effectiveness of the drug compared to others in the same therapeutic class or drugs in other therapeutic classes, to treat the same condition. The evaluation process would use available evidence-based literature, and also include public meetings and public testimony. The Commission's work would serve as an information clearinghouse for healthcare practitioners, health plans, and consumers, on the therapeutic benefits of drugs and best practices in pharmacy management.

The Commission would include a two physicians and two pharmacists from the University of California, as well as two members—one pharmacist and one consumer representative—with significant experience working in a public or nonprofit health system that serves large numbers of low-income persons. The Commission would be implemented only if the University of California receives sufficient funds to finance the commission from federal or private sources, but not from the pharmaceutical industry. Antipsychotic medications and drugs for the treatment of cancer and HIV/AIDS would not be subject to evaluations. *Failed Passage.*

AB 2191 (Migden) - Medical records confidentiality

Prohibits a pharmaceutical company from requiring a patient, as a condition of receiving drugs, to permit the disclosure of medical information that otherwise may not be disclosed. Specified exceptions include enrollment of the patient in a "patient assistance" program, a prescription drug discount program, or a clinical research project. *Signed into law September 25, 2002, Chapter 853.*

AB 2935 (Strom-Martin) -Authorizes Pharmacist Scholarships

Authorizes a pharmacist or pharmacy to contribute, during license renewal, \$25 to fund a program to provide scholarships and loan repayment for pharmacy students who agree to practice in underserved areas. The program will be implemented only if sufficient funds become available. *Signed into law on September 30, 2002, Chapter 1138.*

For current and more complete information on the bills summarized above, see www.leginfo.ca.gov/bilinfo.html

Other California Government Activities of Interest

Department of Health Services on behalf of Medi-Cal

Roughly half of 5.6 million Medi-Cal eligibles are enrolled in managed care organizations that do not receive separate Medi-Cal funding for pharmaceutical expenditures. For the remainder, who receive care through a fee-for-service system, the State of California spends about \$3.3 billion to reimburse pharmacies for drugs

dispensed to those patients. Based on this level of spending, California receives about \$1 billion in drug rebates each year. Slightly more than two-thirds of this amount is based on federally-required rebates for all Medicaid programs; slightly less than one-third comes from additional rebates negotiated specifically for California.

Department of Health Services on behalf of Medicare beneficiaries

The Department of Health Services administers the "Prescription Drug Discount Program for Medicare Recipients" under which a pharmacy can charge a Medicare recipient no more than what Medi-Cal would reimburse the pharmacy for the same prescription, plus a 15 cent processing fee. This program, which started on February 1, 2000, is open to any person who is filling a prescription and has a Medicare card. It includes 5000 pharmacies participating in Medi-Cal, plus any other pharmacies that choose to charge a similar price. Virtually every prescription medication is covered. There is no enrollment process for the consumer, and no formulary or prior authorization requirement for any prescription. However, over-the-counter drugs are not covered under this new program.

The price that the Medicare consumer pays for each drug depends on the medication; there is no specific discount from retail prices. In some instances, there will be large savings and in other cases the savings will be small. This program should not affect any prescription coverage a person may already have, although it is intended for those prescriptions whose entire cost is paid by the Medicare recipient.

Department of General Services on behalf of selected populations

The California Department of General Services (DGS) has brought together representatives of the state departments of Corrections, Mental Health, Developmental Services, and Youth Authority, plus the California State University System, into a Common Drug Formulary Committee to develop a statewide drug formulary for those agencies. The Committee first met in October 2001, and has been meeting regularly to discuss drugs in different therapeutic classes. Drugs are selected for the Common Drug Formulary by working through the individual Pharmacy and Therapeutic Committees within the agencies participating in these contracts. Once drugs have been identified, the DGS begins contract negotiations based on the direction from the Common Drug Formulary Committee.

More recently, DGS is taking steps to develop a Pharmacy Advisory Board that will include representatives from State and local government agencies that are permitted to and might be interested in purchasing drugs through the Department. This Board will provide direction to DGS to improve upon the pharmacy and medical supply program. DGS also participates in a variety of pharmaceutical contracts designed to allow State and local governments to control drug costs.