



State of California—Health and Human Services Agency
Department of Health Care Services



GAVIN NEWSOM
GOVERNOR

July 31, 2020

The Honorable Richard Pan, MD
Chair, Senate Health Committee
State Capitol, Room 2191
Sacramento, CA 95814

Dear Senator Pan:

AB 2100 (AS AMENDED JULY 7, 2020) – OPPOSE

The Department of Health Care Services (DHCS) must inform you of its opposition to Assembly Bill (AB) 2100 authored by Assemblymember Wood. AB 2100 would require DHCS to establish an Independent Prescription Drug Medical Review (IPDMR) process for the outpatient pharmacy benefit; provide continuity of prescription drug coverage for a minimum of 180 days if a beneficiary is taking a particular drug through a Medi-Cal managed care plan (MCP) and that drug is no longer covered under the DHCS contract drug list in fee-for-service (FFS); contract with a vendor, by January 1, 2024, and every three years thereafter, to survey specialty drug price information, provide a disease management payment to pharmacies associated with the dispensing of any specialty drug as determined by the vendor survey, and include specified information when submitting Medi-Cal program assumptions and estimates.

AB 2100 would require DHCS to establish an IPDMR system for the outpatient pharmacy benefit, by January 1, 2021. Under Medi-Cal Rx which will go into effect on January 1, 2021, DHCS is required to transition the Medi-Cal pharmacy benefit from managed care to FFS. DHCS is currently developing the Medi-Cal Rx complaints and grievances policy to enhance beneficiary protections. DHCS believes concerns regarding consumer protections can be appropriately addressed administratively within DHCS' Medi-Cal Rx policy.

AB 2100 would require DHCS to contract with a vendor, by January 1, 2024, and every three years thereafter, to survey specialty drug prices and the cost of additional services incurred with the dispensing and administration of specialty drugs. Additionally, the bill directs DHCS to determine the disease management payment based on the results of the current survey, and each subsequent survey thereafter.

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In June 2020, DHCS initiated a vendor survey for specialty drug acquisition costs, in order to determine what types of services are provided in association with the dispensing of these drugs. The survey concluded earlier this month and DHCS is in the process of evaluating the results to validate the acquisition cost of certain drugs to the provider. In addition, DHCS will review the services provided in association with dispensing the medication to determine if reimbursement for special pharmacist services, such as disease management is necessary and under what circumstances. DHCS is concerned that the bill's survey requirement is premature until results of the current survey have been analyzed. Further, it is premature to mandate the development of a disease management program until it is determined to be the appropriate method to address specialty pharmacy services concerns.

If you have any questions regarding our position, please feel free to contact me at (916) 440-7500.

Sincerely,

O/S by Carol Gallegos

Carol Gallegos, Deputy Director
Legislative & Governmental Affairs
Department of Health Care Services

cc: Assemblymember Jim Wood, Author
Senator Melissa A. Melendez, Vice-Chair
Senator Lena A. Gonzalez
Senator Shannon Grove
Senator Melissa Hurtado
Senator Connie M. Leyva
Senator Holly J. Mitchell
Senator Bill Monning
Senator Susan Rubio