



April 11, 2017

The Honorable Jim Wood
California State Assembly
California State Capitol
Sacramento CA 94249

Re: AB 265 (Wood) –Prescription Drugs (SUPPORT)

Dear Assembly Member Wood:

On behalf of the Pharmaceutical Care Management Association (PCMA) we are pleased to support your AB 265. PCMA is the national trade association for America's Pharmacy Benefit Managers (PBMs), which administer prescription drug plans for more than 266 million Americans with health coverage through large employers, health insurers, labor unions, and federal and state-sponsored health programs.

AB 265 would prohibit a drug manufacturer from offering a discount, repayment, product voucher, or other reduction in an individual's out-of-pocket expenses associated with his or her insurance coverage, if a lower-cost, brand name or non-brand name prescription drug is available.

PCMA appreciates the author's attention to the public health concern that prescription drug costs are rising, and acknowledgment that tools to put downward pressure on costs are of great importance. Considered illegal in federal health programs, copay coupons are banned in Medicare and Medicaid, but are still allowed in the commercial market in most instances. Drug companies rely on financial subsidy programs to increase product uptake among insured patients, without consideration of whether there are similarly effective, but more affordable options to treat the patients' conditions. By targeting drugs with sub-optimal formulary placement, drug manufacturers use these programs to rapidly increase product utilization outside the boundaries of traditional insurance processes.

PCMA is supportive of programs that facilitate patient access to specialty and high-cost drugs when appropriate; however, we do not support programs that undermine formulary design, since additional expenditures do not necessarily provide patients with additional health benefits. Employer costs rise dramatically when enrollees choose expensive drugs over more affordable options, and since the use of copay coupons reduces the utilization of these more affordable options, restrictions on copay coupon use can be part of a solution to help slow the rising cost of prescription drug coverage.

It is for these reasons that PCMA supports AB 265. If you have any questions about our position, please contact me at 202-756-5743 or our Sacramento advocate, John Caldwell, at 916-441-0702. Thank you.

Sincerely,

A handwritten signature in black ink that reads "April C. Alexander".

April C. Alexander
Senior Director, State Affairs

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