

CALIFORNIA ADVOCATES, INC.



September 18, 2017

The Honorable Edmund G. Brown, Jr.
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

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**SUBJECT: AB 265 (WOOD) PRESCRIPTION DRUGS: PROHIBITION ON
PRICE DISCOUNT – REQUEST FOR SIGNATURE**

Dear Governor Brown:

The California Association of Health Underwriters (CAHU) respectfully requests your **SIGNATURE** upon **AB 265**, as currently upon your desk awaiting action, which would prohibit drug manufacturers from offering coupons for pharmaceutical drugs when other FDA-approved drugs are available and less expensive.

Rising drug prices have been a driving factor in the rapidly increasing costs of health care for many years. A Kaiser Family Foundation analysis of data from the Centers for Medicare and Medicaid Services and Truven Health Analytics shows that drugs account for 10 percent of U.S. health spending, and represents 19 percent of the cost of employer insurance benefits. **AB 265** will help to control the rising costs of prescription drugs and thus improve the stability of the healthcare market and affordability for consumers.

CAHU believes that many times, coupons provide an unnecessary, short-term incentive to consumers to select their high cost prescription drugs by brand name choice. However, these coupons are usually a short-term loss leader for the manufacturer. Over the longer term, these higher cost prescriptions raise the costs of providing coverage for health and prescription benefits when lower cost, chemically equivalent, generic choices remain available. The use of the temporary coupons designed to drive consumers to the high dollar drugs ultimately lead to higher health insurance premiums for all, as the true high dollar drug costs are socialized to the rest of the consumer base. CAHU believes AB 265 eliminates this prescription cost shift problem.

The California Association of Health Underwriters is the state's largest association of health insurance agents, brokers and other health insurance industry professionals. Our members help millions of individual Californians and businesses evaluate, select, purchase and use their health care coverage plans, resulting in greater health and financial security. CAHU agents and brokers also act as advocates for policyholders and their families when coverage disputes arise.

For these reasons and more, CAHU respectfully requests your **SIGNATURE** upon **AB 265** when it comes before you for consideration.

Sincerely,

Faith Lane

On behalf of the California Association of Health Underwriters

Julianne Broyles

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