

CALIFORNIA ADVOCATES, INC.



August 24, 2018

The Honorable Adrin Nazarian
State Capitol, Room 4146
Sacramento, CA 95814

**SUBJECT: AB 2863 (NAZARIAN) HEALTH CARE COVERAGE: PRESCRIPTIONS –
SUPPORT
ASSEMBLY BUSINESS AND PROFESSIONS COMMITTEE
SET FOR HEARING: AUGUST 28, 2018**

Dear Assemblyman Nazarian:

The California Association of Health Underwriters (CAHU) is pleased to **SUPPORT** your measure **AB 2863**, as amended on August 13, 2018, which would limit the amount a health carrier may require a beneficiary to pay at the point of sale for a covered prescription to the lowest available cost, whether it is the applicable cost-sharing amount or the retail price. It would also require the amount paid for a prescription to be applied to the beneficiary's deductible and out-of-pocket maximum if the beneficiary opts to pay the cash price. Additionally, a pharmacy shall inform a customer at the point of sale for a covered prescription drug whether the retail price is lower than the applicable cost-sharing amount for the prescription drug, unless the pharmacy automatically charges the customer the lower price.

AB 2863 aims to curtail prescription drug overpayments, also known as “clawbacks,” when commercially insured patients' copayments exceed the total cost of the drug to their insurer or PBM. 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 2863** curtails the problem of high prescription costs by ensuring that consumers pay the lowest available price for their medications. CAHU supports this measure because it promotes transparency in the health care system and improves affordability for consumers.

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 year-round to help with questions and if coverage disputes arise- all at no additional cost to the consumer. CAHU agents and brokers also perform many functions for small employers with respect to managing their employee benefits program--at no additional cost to the small employer.

CAHU looks forward to working with you and your staff in **SUPPORT** of **AB 2863**. To reach Faith Lane Borges, call 916-441-5050.

Sincerely,

Faith Lane Borges

On behalf of the California Association of Health Underwriters

cc: Chair and Members, Assembly Business and Professions Committee
Brendan McCarthy, Chief Consultant, Assembly Business and Professions Committee
Bill Lewis, Consultant, Assembly Republican Caucus

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