



July 15, 2019

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The Honorable Anthony Portantino
Chair, Senate Appropriations Committee
State Capitol, Room 3086
Sacramento, CA 95814

SUBJECT: AB 824 (Wood): BUSINESS: PRESERVING ACCESS TO AFFORDABLE DRUGS— SUPPORT SENATE APPROPRIATIONS COMMITTEE

Dear Senator Portantino:

The California Association of Health Underwriters (CAHU) **SUPPORTS AB 824**, as amended July 11, 2019, which discourages “pay-for-delay” agreements by drug manufacturers that prevent cost-effective generic drugs from entering the market. Federal authorities believe “pay-for-delay” tactics are inflating the cost of health care by billions of dollars. This bill would bring competition from generic manufacturers into the market as intended by current patent laws and open up timely access to more affordable medications for consumers.

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 while drugs account for 10 percent of U.S. health spending, it represents 19 percent of the cost of employer insurance benefits. There is a lot of ambiguity in the process of pricing drugs, and fair competition and transparency are needed in order to mitigate costs and provide stability in the healthcare market and affordability for consumers.

CAHU is proud of their role in the significant gains California has made in reducing our state’s number of uninsured over the past several years. CAHU firmly believes **AB 824** will help to sustain this progress by addressing the affordability of health care and a key cost driver that impacts the price of coverage. Managing drug costs and price transparency are critical for long-term quality, access and affordability of healthcare.

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. 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.

For these reasons and more CAHU **SUPPORTS AB 824** and requests your support.

Sincerely,

Faith Lane Borges
On behalf of the California Association of Health Underwriters

cc: The Honorable Jim Wood
Members, Senate Appropriations Committee
Samantha Lui, Consultant, Senate Appropriations Committee
Anthony Archie, Consultant, Senate Republican Caucus