



# DRUG PRICE TRANSPARENCY IN CALIFORNIA

## HOW SB 17 WORKS & KEY DATES FOR 2019



**SB 17** will help bring pharmaceutical companies' pricing tactics out of the dark and address the growing affordability crisis by requiring drug companies to give health plans and others notice of major price increases for the most expensive drugs. While some key details of the law have been implemented, there is still much more activity to come in 2019.

### SB 17 REQUIRES DRUG COMPANIES TO:

- **NOTIFY** the state, health plans and other entities that purchase prescription drugs about major price hikes 60 days prior to their implementation.
- **JUSTIFY** major price hikes by providing formal reasoning for increases.
- **PROVIDE** basic information on price hikes to the Office of Statewide Health Planning and Development (OSHPD), which will share it with the public.

SB 17 requires health plans to report additional prescription drug pricing data to the Department of Managed Health Care (DMHC) and California Department of Insurance (CDI) including:

- **The 25** most frequently prescribed drugs.
- **The 25** most costly drugs.
- **The 25** drugs with the highest price increase per year.

## SB 17: WHAT'S AHEAD IN 2019



### APRIL 2019

OSHPD begins collecting first quarter 2019 prescription drug cost increase information for existing drugs from drug manufacturers by April 30.



### BY JUNE 2019

OSHPD to publish on its website first quarter 2019 drug cost increase information for existing drugs. **This information will open the black box on drug pricing and provide the transparency that is fundamental to effective change. Shining light on high priced drugs puts downward pressure on drug prices, spurs competition, and creates a path to lower prices.**



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### WHAT'S ALREADY HAPPENED WITH SB 17 IMPLEMENTATION:

**JANUARY 1  
2018**

SB 17 officially took effect.

**APRIL  
2018**

**MAY  
2018**

**JUNE  
2018**

OSHPD developed SB 17 regulations.

**OCTOBER  
2018**

Drug price-hike information goes public.

**OCTOBER  
2018**

PhRMA refiled a lawsuit challenging SB 17.

**DECEMBER  
2018**

DMHC and CDI publish first annual, public reports showing the overall impact of drug costs on health care premiums.

**JANUARY  
2019**

OSHPD begins collecting information related to new prescription drugs from drug manufacturers.



### PHRMA FILES LAWSUIT IN ATTEMPT TO AVOID TRANSPARENCY

PhRMA late last year refiled its lawsuit against SB 17. PhRMA's action came just one month after a federal judge dismissed the organization's previous lawsuit and offers a clear sign that the group intends to continue its efforts to disregard the will of bipartisan lawmakers and keep patients in the dark about prescription drug pricing.

*High-priced prescription drugs continue to be one of the leading factors driving up health care costs for Californians. With the passage of SB 17, the State Legislature joined the broad and bipartisan coalition of leaders working to address this high-priced drug crisis — unfortunately, Pharma's decision to re-file its already dismissed lawsuit against the landmark legislation proves that they remain unwilling to be a part of the solution.*

*CAHP has stood strongly behind SB 17 from the start and we will continue to do so throughout this new litigation. SB 17 shines a light on pricing tactics that have long lived in the dark and we will continue fighting to keep that light on.*

**~CAHP CEO & President Charles Bacchi**