California State Assemblymember David Chiu (D- San Francisco) today announced the introduction of AB 463, a bill aimed at increasing transparency around the pricing of high-cost drugs. The bill comes on the heels of Governor Brown’s budget proposal to allocate $300 million to cover some of the cost for high-priced Hepatitis C drugs, like Gilead Sciences’ Sovaldi, which costs $1,000 per pill in state health care programs. As these types of high-priced drugs become increasingly common, price transparency is more important than ever.

The latest On Target features a San Francisco Chronicle article announcing the new drug pricing transparency legislation, as well as a response from the California Association of Health Plans.

Bill would reveal what drives $1,000 pill’s price
San Francisco Chronicle
February 23, 2015
By: Melody Gutierrez

“We need to understand when the state is about to shell out an additional $300 million for one drug, what is the state paying for? We hope that transparency will help us understand if the price is justifiable.”

- Assemblyman David Chiu

 “[Michael] Weinstein [President of the AIDS Healthcare Foundation] said he supports Chiu’s bill so people know why the costs are so high.”

California Association of Health Plans President and CEO Charles Bacchi responded today to the introduction of AB 463:

“When drug companies put six-figure price tags on new medications, everyone shoulders the cost – patients, employers, public programs and taxpayers.

“This bill is a step in the right direction, opening up access to information about how a single pill could cost $1,000 to help identify a pathway toward sustainable prices.”

Review CAHP’s fact sheet on this issue, Health Care Cost Drivers: Spotlight on Specialty Drugs.

California Association of Health Plans

CAHP is a statewide trade association representing 43 full-service health plans. CAHP works to sustain a strong environment in which health plans can provide access to products that offer choice and flexibility to the more than 24 million members they serve. For more information, please visit www.calhealthplans.org or call (916) 552-2910.