

September 5, 2024

Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

Dear Governor Newsom:

We the undersigned represent patients, pharmacies and employers and we urge you to sign **SB 966**, legislation addressing PBM behaviors, into law.

The three largest PBMs, Caremark, Express Scripts, and OptumRx, control 80% of the market. Moreover, they are vertically integrated with health plans and their own retail and mail order pharmacies. In July, the FTC released an interim report on its 6 (b) study into PBMs and found that PBMs take advantage of their dominant market position to drive up drug prices, limit patient choices, and squeeze independent pharmacies out of business.

In recent years, many states have fought back against these PBM practices and passed legislation with overwhelming legislative majorities to protect patient access to medications and enact common sense PBM regulations

SB 966 is no different. It overwhelmingly passed both houses of the state legislature. Unfortunately, California remains one of the few states that has not adopted common sense regulations to provide some protections from nefarious PBM practices for patients, employers, taxpayers and healthcare providers, but this is a step forward in aligning California with the actions of the vast majority of states.

The bill protects patients by prohibiting PBMs from steering a patient to a PBM-owned or affiliated pharmacy. These provisions help ensure a patient can choose a pharmacy that's in the patient's best interest, not just what's in the PBM's best interest.

SB 966 also includes a provision to establish procedures for receiving, investigating, tracking, and publicly reporting consumer complaints against PBMs. Moreover, it contains a funding mechanism to create a sustainable PBM oversight program through the creation of a Pharmacy Benefit Manager Fund to collect licensing fees.

For these reasons, we believe this legislation is a positive step forward for California and would enact some of the protections already in force in many other states. We urge you to expeditiously sign SB 966 into law.

Sincerely,

986 Pharmacy
AIDS Healthcare Foundation
AlignRx
American Associated Pharmacies (AAP)
American Economic Liberties Project

American Pharmacists Association
Association of Affiliated Pharmacies and Apothecaries (AAPA)
Asthma and Allergy Foundation of America
Avina Health
California Pharmacists Association
CARE Pharmacies Cooperative, Inc.
Coalition for PBM Reform
Coalition of State Rheumatology Organizations
Community Oncology Alliance (COA)
Compliant Pharmacy Alliance Cooperative
EPIC Pharmacies, Inc.
FMI – The Food Industry Association
Independent Pharmacy Cooperative
Indian Pharmacist Association
Institute for Local Self-Reliance
Komoto Pharmacy, Inc
National Association of Chain Drug Stores
National Community Pharmacists Association
PBM Accountability Project
Vietnamese Pharmacist Association in the USA
WSPC