

April 17, 2024

The Honorable Richard Roth
Chair, Senate Committee on Health
1021 O Street, Room 3310
Sacramento, CA 95814

SB 966 - Pharmacy benefit managers – NCPA supports

Dear Chair Roth, Vice Chair Nguyen, and Members of the Committee:

The National Community Pharmacists Association is pleased to **support SB 966**, legislation seeking to address some of the many egregious business practices of Pharmacy Benefits Management (PBM) companies.

NCPA represents the interest of America’s community pharmacists, including the owners of more than 19,400 independent community pharmacies across the United States and approximately 1,852 independent community pharmacies in the State of California. These pharmacies employed more than 22,000 Californians and they filled over 122 million prescriptions in 2022.

Community pharmacists have long known that opaque PBM practices not only hamper patients’ ability to obtain pharmacy services from their trusted community pharmacists, but those practices can also lead to higher drug costs for both patients and plan sponsors. Due to the massive consolidation and vertical integration in the health insurance market¹, the three largest PBM’s control 80% of the prescription drug market² giving them the power to engage in abusive practices which limit patient access, increase drug costs and threaten the viability of small business pharmacies.

NCPA strongly supports the licensing of PBMs with appropriate oversight and enforcement authority. Approximately half of states have opted for the more rigorous licensing oversight as opposed to registration. And although most states have passed legislation to address some of the most egregious PBM business practices, many states are now revisiting their laws to add stronger enforcement provisions. NCPA urges stronger and more specific enforcement provisions in the bill and looks forward to robust rulemaking to implement the law when enacted.

NCPA also supports state legislation that addresses patient steering. It is not uncommon for a PBM to require patients to utilize a PBM-owned or affiliated pharmacy, often a mail-order pharmacy. The PBM is then free to reimburse its pharmacy at higher rates, thereby forcing patients and plan sponsors to pay higher costs to the PBM. We support bills that prohibit steering a patient to a PBM-owned or affiliated pharmacy, preventing the PBM from charging artificially higher rates. 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

¹ <https://ncpa.org/sites/default/files/2023-01/verical-bus-chart.jpg>

² [Drug Channels: The Top Pharmacy Benefit Managers of 2021: The Big Get Even Bigger](#)

interest. NPCA supports the patient steering language in SB 966 and stands ready to assist in strengthening it.

We urge you to advance SB 966. Thank you for receiving our perspective. If you have any questions, I can be reached at joel.kurzman@ncpa.org or (703) 600-1186.

Respectfully,

A handwritten signature in black ink that reads "Joel Kurzman". The signature is written in a cursive style and is centered within a light gray rectangular box.

Joel Kurzman
Director, State Government Affairs