



Prescription Drug Discounts

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AB2911 (Nunez/Perata)

AB2911 would provide a drug discount card to about **5.4 million uninsured low and moderate income Californians**, who now pay among the highest prices in the world for their needed medications.

AB2911 is a **compromise** of the dueling prescription drug initiatives Propositions 78 and 79 last year. Gov. Arnold Schwarzenegger has said he would sign the bill. The bill is supported by dozens of consumer advocacy groups.



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What would AB2911 do?

The legislation would enable the state to use the bargaining power of Medi-Cal, the largest and most knowledgeable purchaser of prescriptions drugs, to negotiate drug discounts for Californians who currently have no insurance or are inadequately insured.

It is important to note that this is NOT DRUG COVERAGE nor is it FREE DRUGS. Enrollees in this program would simply receive FAIRER PRICES -- a discount off the retail price of drugs.

Who qualifies?

Eligibility for the discount drug program would **extend broadly to families**

- With incomes below 300 percent of the poverty level, which is \$39,600 for a family of two;
- With share-of-cost Medi-Cal;
- Who earn \$67,814 (California's median income) and have high, unreimbursed medical expenses; and,
- (Upon federal approval) Seniors whose drugs are not covered by Medicare.

How will we know we're getting a good deal?

These bills make sure that consumers get real discounts by using **auditable** and **reliable** benchmarks to **verify the real savings** for the uninsured.

What happens if drug companies don't give good discounts?

After three years, if drug company discounts are considered insufficient, AB2911 would allow the use of the state's purchasing power to coax better manufacturer participation.

Are these new powers the state will acquire?

No. The state **ALREADY** uses its purchasing power to get hundreds of millions of dollars in rebates for the state's general fund. Drug companies provide these rebates in order to be placed on Medi-Cal's "preferred drug" list. AB2911 would just extend that use to the discount program.

Won't this affect patients on Medi-Cal?

AB2911 says that Medi-Cal patients who have been prescribed a drug ongoing basis can continue to get that drug without prior authorization – even if that drug is taken off the "preferred list."

Why does the state need an enforcement tool?

Based on other states' experience, such a mechanism is crucial to achieving meaningful discounts. California already attempted to create a voluntary discount program (Golden Bear seniors discounts), which was dismantled because few drug companies were willing to participate. Ohio, which also has a voluntary program, has not had much success in achieving meaningful discounts.