

## **AB 1050 Medi-Cal Rx+ Drug Pricing Program**

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#### **About CHCAPA**

Community Health Center Alliance for Patient Access is a statewide organization of federally qualified health centers committed to ensuring access to care for underserved communities. CHCAPA represents 31 health centers providing care to nearly 2.1 million low-income Californians at hundreds of clinic locations from the rural north to the central valley to urban communities in Southern California.

#### **Bill Summary & Status**

AB 1050 allows FQHCs to continue to participate in the federal 340B Drug Pricing Program by carving the FQHCs out of the Medi-Cal Rx transition. The 340B program returns savings to the FQHCs with a requirement they reinvest these funds back into the communities they serve.

Authored by Adam Gray (D-Merced), AB 1050 passed out of the Assembly Health Committee by unanimous vote on April 27. It is expected to be heard in the Assembly Appropriations Committee in the next couple of weeks.

#### **Background**

Federally qualified health centers (FQHCs) throughout California provide equity and access to healthcare services to millions of individuals and families living in medically underserved areas. They also are on the front lines in the fight against the COVID-19 pandemic through education, testing, and vaccination programs.

In January 2019, Governor Newsom issued an Executive Order requiring the Department of Health Care Services to transition all pharmacy services for Medi-Cal managed care to a fee-for-service benefit. The objective was to leverage the buying power of the state to create drug price savings, which will benefit some parts of the healthcare delivery system.

However, one result of DHCS's Medi-Cal Rx system is to eliminate the ability of FQHCs to retain savings on medications purchased through the 340B drug pricing program. This means FQHCs lose one of the few revenue sources available to support health centers' operations.

Providing FQHCs the ability to retain savings to invest in safety-net services is one of the primary goals of 340B. Congress intended the program "to stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services."

#### **What AB 1050 Will Do**

AB 1050 carves FQHCs out of the Medi-Cal Rx transition, which enables patients served by FQHCs to continue their prescription drug coverage within the Medi-Cal managed care system. As a result, FQHCs would retain their current 340B drug savings to invest in critical programs and services.

AB 1050 does not do away with Medi-Cal Rx but enhances the Governor's executive order by allowing the state to be the single purchaser of drugs for Medi-Cal recipients, while also securing rebates from drug manufacturers.

Sky-high drug prices are a major cost to the state; addressing them is critical to maintaining a high-quality and affordable health care delivery system. But the solution must not require disadvantaged communities to sacrifice the few health care resources they have access to. AB 1050 preserves the Medi-Cal Rx transition while creating stability and certainty for the FQHC's serving California's most vulnerable patients.