



OFFICE OF THE GOVERNOR

SEP 29 2020

To the Members of the California State Assembly:

I am returning Assembly Bill AB 2100 without my signature.

This bill would allow the Department of Health Care Services (DHCS) to provide a disease management or similar payment to pharmacies for the costs and activities that are associated with dispensing specialty drugs; require DHCS, commencing January 1, 2021, to establish an Independent Prescription Drug Medical Review (IPDMR) process for the Medi-Cal outpatient pharmacy fee-for-service benefit; require DHCS to allow a Medi-Cal beneficiary to continue use of a prescription drug for a minimum of 180 days if that drug is no longer covered when DHCS implements its Medi-Cal Rx proposal; and, require DHCS to include detailed and specific Medi-Cal Rx information when submitting the semi-annual budget assumptions and estimates for the Medi-Cal program.

First, it is premature to consider a disease management payment for Medi-Cal specialty drugs. DHCS is processing the results of a recent survey of specialty drug acquisition costs to determine what types of services are provided in association with the dispensing of specialty drugs. Until the results of the survey have been analyzed, DHCS will not know whether reimbursement for disease management services, or other supplemental services, are medically necessary for certain beneficiaries, and under what circumstances.

Second, while I am supportive of additional transparency efforts regarding the implementation of the Medi-Cal Rx program, the requirements of this bill are too prescriptive. I am instead directing DHCS to post additional information on its website regarding implementation of Medi-Cal Rx to enable the public and stakeholders to assess the transition of the Medi-Cal prescription drug benefit from managed care to fee for service.

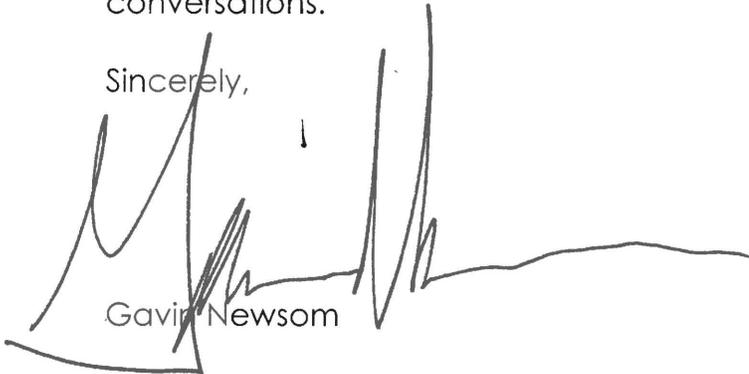
Third, while I am supportive of efforts to enhance Medi-Cal beneficiary protections, issues regarding consumer protections under Medi-Cal Rx can be addressed administratively with input from the Legislature and stakeholders, to ensure that appropriate protections and reporting requirements are in place



when Medi-Cal Rx is implemented. I am directing DHCS to convene stakeholders no later than July 1, 2021, to explore options and approaches for additional public reporting of administrative hearing decisions pertaining to outpatient prescription drug benefits, which will help assess whether additional changes to the grievance and appeals process are warranted.

Finally, DHCS has developed a Pharmacy Transition Policy for Medi-Cal Rx to allow Medi-Cal beneficiaries to continue receiving their existing prescription medications without having to get additional prior authorizations for 180 days after the transition begins. As we work toward a health care delivery system that provides coverage and access through a unified financing system, we must also align policies and processes across our public and private delivery systems to provide California's health care consumers with a consistent experience and minimal side effects. Such efforts should be considered as part of those conversations.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gavin Newsom', is written over the printed name. The signature is stylized and somewhat abstract, with several loops and a long horizontal stroke extending to the right.

Gavin Newsom