

PRESS RELEASE



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SB 17 Implementation Explained in New Infographic

California's Landmark Drug Price Transparency Bill Officially Took Effect January 1, 2018

Sacramento, CA – Implementation of California's first-of-its-kind drug pricing legislation, SB 17 (Hernandez), began on January 1, 2018, ushering in a new era of public reporting on egregious prescription drug price hikes that have plagued California for years. While the bill officially took effect on January 1, the complete roll-out of the landmark legislation will occur over the course of the next 12 to 18 months. RunawayRx's new [infographic](#) helps explain what SB 17's roll-out will look like, who will receive notice of price hikes and when the public can expect to see data on Rx price spikes.

"SB 17 gives us a tool to prepare and plan for drug price hikes, a major upward driver of health care costs," said **Charles Bacchi, President and CEO of the California Association of Health Plans**.

While organizations and leaders throughout California are actively working to gain insight on drug company price hikes through implementation of SB 17, PhRMA, the trade group representing major drug companies across the country, is actively attempting to derail the law's implementation and has filed a lawsuit challenging the legislation.

"Pharma's recent attempts to litigate their way out of complying with the new law shows that they have no interest in addressing skyrocketing prices - not even the most basic transparency requirements," added **Bacchi**.

The law, supported throughout its journey through the legislature by a broad coalition of labor, health access organizations, patient advocacy groups and others, requires drug companies to follow basic transparency requirements, such as providing notifications when they plan to raise drug prices more than 16 percent over a two-year period and routinely reporting information about its pricing structures to the public.



Specifically, the bill stipulates three major requirements of drug companies to induce transparency in the notoriously insular industry. With the implementation of SB 17, drug companies must:

- Notify the state, health plans and other entities that purchase prescription drugs about major price hikes 60 days preceding the increase
- Justify major price hikes by providing formal written reasoning for the increase
- Provide basic information on price hikes to the California Office of Health Planning and Development (OSHPD), to be shared with the public on a quarterly basis

It also requires health plans throughout the state to annually report the 25 most frequently prescribed drugs, the 25 most expensive drugs and the 25 drugs with the highest year-over-year increases.

In December, OSHPD opened registration for wholesale purchasers of prescription drugs to sign up for advance notice of price hikes. As of January 1, drug companies gained access to this registry and must begin sending price-hike notifications to the registered list. Additionally, drug companies are now required to give 60-day notice to purchasers on major price hikes. OSHPD has also begun to solicit input from various stakeholders on regulations and reporting requirements, to be consolidated and developed into long-term rules this upcoming spring.

For a full implementation timeline of SB 17, and for more information on the law's rollout, see RunawayRx's newly developed [infographic](#) at www.runawayrx.org. For a print version, please click [here](#).

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