



DRUG PRICE TRANSPARENCY IN CALIFORNIA:

HOW SB 17 WILL WORK

With the passage of SB 17, California took a major first step to rein in exorbitant price hikes on prescription drugs. **The bill went into effect January 1, 2018** and requires drug companies to follow basic transparency requirements when they plan to spike drug prices.

But how will SB 17 take effect? And when will prescription drug purchasers and Californians have information on price hikes? RunawayRx's **SB 17 Implementation Cheat Sheet** has answers.

SB 17 REQUIRES DRUG COMPANIES TO:



Notify the state, health plans and other entities that purchase prescription drugs about major* price hikes 60 days prior to their implementation



Justify major price hikes by providing formal reasoning for increases



Provide basic information on price hikes to the California Office of Statewide Health Planning and Development (OSHPD), which will share it with the public on a quarterly basis

*Major price hikes: drugs increasing by 16% or more over a two-year period

SB 17 REQUIRES HEALTH PLANS TO:

Report additional prescription drug pricing data to the Department of Managed Health Care (DMHC) including:



The **25** most frequently prescribed drugs



The **25** most costly drugs



The **25** drugs with the highest price increase by year

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SB 17 gives us a tool to prepare and plan for drug price hikes, a major upward driver of health care costs. But 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.

—Charles Bacchi, President and CEO of the California Assoc. of Health Plans

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SB 17 IMPLEMENTATION

Dec. 2017

OSHPD Registration opens for those receiving advance notice of drug price hikes

Jan. 1, 2018

SB 17 officially takes effect

Drug companies:



Gain access to the registry of those receiving price hike notifications



Must begin sending price-hike notifications to the registered list



Must begin giving 60-day notice to purchasers on major price hikes

2018

Development of a National Standard for Public Information



Jan-Mar: Stakeholders provide input on SB 17 regulations to OSHPD



Apr-June: OSHPD develops SB 17 regulations



Sept-Dec: OSHPD releases regulations and reporting requirements to drug companies

Oct. 1

Drug price-hike information goes public



Annual deadline for health plan reports to the DMHC about prescription drug pricing data

Jan. 1, 2019

SB 17 regulations on public reporting of price hikes take effect



Drug companies must begin submitting new drug price-hike information to OSHPD



DMHC must publish its first annual, public report demonstrating the overall impact of drug costs on health care premiums

Spring

OSHPD's first quarterly report recapping drug companies' price hikes for new drugs goes live. These reports will be published on OSHPD's website quarterly

April

Drug companies begin submitting price-hike information on existing drugs to OSHPD for public reporting



For price hikes beginning Jan. 1, 2019

June

OSHPD's first quarterly report recapping drug companies' price hikes for existing drugs, published in OSHPD's website quarterly

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Californians have a right to know why their medical costs are out of control, especially when pharmaceutical profits are soaring. This measure is a step at bringing transparency, truth, exposure to a very important part of our lives, that is the cost of prescription drugs.

—California Governor Jerry Brown

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Don't let drug prices and price hikes catch you unaware.
Stay informed. Get involved.

<https://www.oshpd.ca.gov> • <http://runawayrx.org>

