

1 [Urging the State of California to Rescind or Amend the Fee-for-Service Pharmacy
2 Reimbursements Policy for Specialty Medications]

3 **Resolution urging the State of California to rescind or amend the new Department of**
4 **Health Care Services Medi-Cal policy, regarding fee-for-service pharmacy**
5 **reimbursements for covered specialty medications.**

6
7 WHEREAS, Community-based pharmacies are central to the care of San Francisco’s
8 citizens, particularly our most vulnerable populations; and

9 WHEREAS, Community-based pharmacies represent 40% of pharmacies statewide,
10 and are often the most accessible health care providers for Medi-Cal patients, as many
11 pharmacy chains do not contract with local health plans; and

12 WHEREAS, Community-based pharmacies often provide individualized services and
13 care that larger pharmacy chains do not, such as specialized packaging, prior authorizations,
14 and deliveries to homebound patients and patients experiencing homelessness, and;

15 WHEREAS, San Francisco is experiencing a severe mental health crisis and is
16 dependent on our community-based pharmacies to provide life-saving medications for our
17 residents suffering from mental illness; and

18 WHEREAS, To eliminate new HIV transmissions, deaths, and stigma, San Francisco
19 relies on our community-based pharmacies to provide life-saving HIV medications and non-
20 prescription medications like PrEP to prevent HIV; and

21 WHEREAS, In order to move closer to the City’s goal of eliminating new HIV
22 transmissions and to provide care for psychiatric patients, it is of the utmost importance that
23 our independent, community-based pharmacy partners can continue to provide quality
24 services to our most vulnerable patients; and

25

1 WHEREAS, In February 2019, the State of California began reimbursing pharmacies
2 below the actual cost of acquisition for several types of drugs designed to treat psychiatric
3 illnesses, HIV, and hepatitis including Abilify, Triumeq, Latuda, Atripla, and Truvada because
4 they are considered “specialty drugs” and are subject to the state's new drug pricing and
5 reimbursement formula that utilizes National Average Drug Acquisition Cost (NADAC) pricing,
6 which specifically excludes pharmacies offering specialty medications; and

7 WHEREAS, Because the State of California has also applied these rates retroactively
8 going back to April 2017, many community-based pharmacies including San Francisco’s own
9 Mission Wellness Pharmacy, are now forced to consider ending services to vulnerable Medi-
10 Cal patients while others have begun to close entirely or are on the brink of bankruptcy; and

11 WHEREAS, The California Pharmacists Association has alleged in a court filing that
12 the survey of Medi-Cal providers done by a consulting firm that was contracted by the State of
13 California was faulty; and

14 WHEREAS, The State is now facing a lawsuit for basing its fee-for-service pharmacy
15 reimbursements on a potentially faulty survey mechanism; and

16 WHEREAS, The savings to the State of California for reducing drug reimbursements is
17 estimated at less than 0.03% of its \$209 billion budget, but these relatively nominal savings
18 risk putting community-based pharmacies out of business and abandoning some of our most
19 vulnerable patients; now, therefore, be it

20 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
21 urges the Governor of California and the Department of Health Care Services (DHCS) to
22 rescind the new DHCS Medi-Cal policy regarding fee-for-service pharmacy reimbursements
23 for covered outpatient drugs, or implement an alternative pricing methodology that would
24 allow community-based pharmacies to continue providing specialty medications at a
25 sustainable rate in order to maintain services for vulnerable patients; and, be it

1 FURTHER RESOLVED, That the Clerk of the Board of Supervisors shall notify San
2 Francisco's State legislative representatives and the Office of the Governor of the State of
3 California of the Board's position accordingly.

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25