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

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

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

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

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

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

WHEREAS, In order to move closer to the City's goal of eliminating new HIV transmissions and to provide care for psychiatric patients, it is of the utmost importance that our independent, community-based pharmacy partners can continue to provide quality services to our most vulnerable patients; and
WHEREAS, In February 2019, the State of California began reimbursing pharmacies below the actual cost of acquisition for several types of drugs designed to treat psychiatric illnesses, HIV, and hepatitis including Abilify, Triumeq, Latuda, Atripla, and Truvada because they are considered “specialty drugs” and are subject to the state’s new drug pricing and reimbursement formula that utilizes National Average Drug Acquisition Cost (NADAC) pricing, which specifically excludes pharmacies offering specialty medications; and

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

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

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

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

RESOLVED, That the Board of Supervisors of the City and County of San Francisco urges the Governor of California and the Department of Health Care Services (DHCS) to rescind the new DHCS Medi-Cal policy regarding fee-for-service pharmacy reimbursements for covered outpatient drugs, or implement an alternative pricing methodology that would allow community-based pharmacies to continue providing specialty medications at a sustainable rate in order to maintain services for vulnerable patients; and, be it
FURTHER RESOLVED, That the Clerk of the Board of Supervisors shall notify San Francisco's State legislative representatives and the Office of the Governor of the State of California of the Board's position accordingly.
Resolution urging the State of California to rescind or amend the new Department of Health Care Services Medi-Cal policy, regarding fee-for-service pharmacy reimbursements for covered specialty medications.

November 05, 2019 Board of Supervisors - ADOPTED

Ayes: 10 - Fewer, Haney, Mandelman, Mar, Peskin, Ronen, Safai, Stefani, Walton and Yee
Excused: 1 - Brown

File No. 191117

I hereby certify that the foregoing Resolution was ADOPTED on 11/5/2019 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Unsigned

London N. Breed
Mayor

11/15/19

Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without her approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

Angela Calvillo
Clerk of the Board

11/18/2019