



**County Administrative Office**  
**Governmental & Legislative Affairs**

**Josh Candelaria**  
Director

June 6, 2019

The Honorable Holly J. Mitchell  
Chair, Senate Committee on Budget  
State Capitol Building  
Sacramento, CA 95814

The Honorable Philip Ting  
Chair, Assembly Committee on Budget  
State Capitol Building  
Sacramento, CA 95814

**RE: Adopt Budget Trailer Bill That Supports Greater Transparency in Proposed Medi-Cal Pharmacy Benefit Transition**

Dear Chairs Mitchell and Ting:

The County of San Bernardino respectfully requests that you adopt budget trailer bill language directing the Department of Health Care Services (DHCS) to work with stakeholders and the Legislature to more deeply analyze the Governor's proposed Medi-Cal pharmacy benefit transition. Such an analysis would mitigate potential pitfalls for the health care system and ensure smooth implementation.

In January, the Governor issued an Executive Order to create a single drug purchasing system in California. The order also carves out the pharmacy benefit from the responsibility of Medi-Cal managed care plans and transitions the benefit into the fee-for-service delivery system. This will directly impact access and quality of care for more than 10.6 million Medi-Cal managed care beneficiaries and could negatively impact the entire health care delivery system. Before significantly altering the delivery of care for millions of Medi-Cal beneficiaries and their providers, we must fully understand this transition's potential impact.

As a participant in the 340B Drug Discount Program, our county public hospital anticipates significant financial losses as a result of this proposal. The savings realized under the 340B program are being used to create new programs, such as the Hepatitis C treatment, which saves countless lives and prevents the need for liver transplantation. Additionally, the hospital's multidisciplinary teams are able to fund patient safety initiatives that have decreased readmissions. The discounts received from the pharmaceutical industry through the 340B program — discounts that would be reduced under this proposal — support efforts to improve care for all patients. Thanks to these savings, hospitals across the state are able to offer important services, including specialized programs for our most vulnerable Medi-Cal and uninsured populations who rely on the state's safety net.

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The budget trailer bill language we ask you to support and adopt would require DHCS to:

- Provide the Legislature with a full fiscal analysis and implementation plan.
- Create a transparent process for examination and public review of that analysis and plan.
- Convene an advisory group of experts and stakeholders to discuss issues and options, and provide findings and recommendations to the Legislature.

Understanding how this proposal would impact the health care system is critically important. For these reasons, the County of San Bernardino urges your support of budget trailer bill language that would require greater transparency around this transition. If you have any questions regarding the County's position, please do not hesitate to contact Josh Candelaria, Director of Governmental and Legislative Affairs at (909) 387-4821 or [jcandelaria@sbcountry.gov](mailto:jcandelaria@sbcountry.gov).

Sincerely,



Curt Hagman  
Fourth District Supervisor  
Chairman, San Bernardino County Board of Supervisors

cc: San Bernardino County Legislative Delegation