



June 26, 2019

The Honorable Gavin Newsom
Governor of California
State Capitol Building
Sacramento, California 95814



Dear Governor Newsom:

We are writing to urge your Administration to take immediate action and rescind the implementation of Department of Health Care Services (DHCS) Medi-Cal rules, which would deny life-saving medicines to California’s most vulnerable populations. These rules, promulgated by the Brown Administration, took effect on May 31, 2019 and will be devastating to patients and the community pharmacies that today are the primary providers who provide access to these specialty treatments. We are a group of diverse organizations representing thousands of patients who will be severely impacted by these rules and we hope your Administration will act.



We believe in your “California for All” vision. We stand ready to work with you to find a “California solution” that reflects our values, protects our residents and demonstrates our state’s leadership in providing access to affordable health care, regardless of where one lives, their ethnicity, socio-economic background or immigration status.



California should not be punishing its poorest residents. The state’s most medically fragile Medi-Cal beneficiaries – roughly 3 million people – will be disproportionately affected and stand to lose access to their essential, life-saving medicines including people who are battling:

- ***Cancer***
- ***HIV/AIDS***
- ***Behavioral health challenges, and***
- ***Seniors and disabled adults living in long-term care facilities***



California can do better. The federal Centers for Medicare and Medicaid Services (CMS) adopted a rule in June 2016 charging states with changing the methodology for how pharmacies are compensated for dispensing prescription medicine to Medicaid beneficiaries. To implement the new federal rule, CMS is requiring every state to adopt new reimbursement methodologies but did not dictate how each state should establish or implement their programs.



Bureaucratic decision-making has human consequences. In response to the federal mandate, the California Department of Health Care Services (DHCS), under the Brown Administration, received approval from the Trump Administration in April 2017 for its questionable methodology, and implemented the new rules in February 2019. These new rules have already begun to result in catastrophic reductions to Medi-Cal reimbursement rates for hundreds of locally-owned, community pharmacies throughout California that serve Medi-Cal patients.



Adding insult to injury through a draconian “clawback.” What’s worse, is because DHCS took two years to implement their methodology, it has announced it will recalculate claims and pursue two years of retroactive recoupments from community pharmacies that currently serve Medi-Cal patients, back to April 2017.

A problem for all California. The Brown Administration’s rules and two-year retroactive recoupments will have a catastrophic impact on community pharmacies who currently serve Medi-Cal patients. For dozens of small, inner city and rural pharmacies, fair Medi-Cal reimbursement rates can be the difference between continued operation and closure and certainly will derail their ability to provide those specialty medications most in question. The implementation of the Brown Administration’s rule threatens to cut off an essential lifeline for California’s most vulnerable patients because these communities often have no other way to get their medicines. The extenuating impact of this reduced access to care will result in higher health care costs for California as those fragile patients seek care in emergency departments, greater interactions with law enforcement and incarceration, and already taxed social service agencies.

Together, we can prevent a public health crisis. For a state that prides itself in leading in healthcare, this is a step backward and is inconsistent with the desire to expand Medi-Cal and achieve universal coverage. We hope you will join with us, intervene and prevent a public health crisis from developing as a result of these rules. From San Francisco to San Diego and in all parts of California, there will be casualties associated with this policy, unless your Administration steps in and makes a stand for access to life-saving medicines.

Sincerely,

California State Association of Counties
Farrah McTing, Legislative Representative,
Health Policy

California Chronic Care Coalition
Liz Helms, President & CEO

APLA Health
Craig E. Thompson, CEO

Medical Oncology Association of Southern California, Inc.
Nichole East, Executive Director

Chapman University School of Pharmacy
Ronald P Jordan, R.Ph. FAPhA, Dean

California Psychiatric Association
Randall Hagar, CEO

**United Nurses Associations of California,
Union of Health Care Professionals**
Eric Robles, Director Political & Legislative
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