Assembly Concurrent Resolution No. 105

Introduced by Assembly Member Chiu
(Coauthor: Assembly Member Wood)

June 17, 2019

Assembly Concurrent Resolution No. 105—Relative to prescription drugs.

LEGISLATIVE COUNSEL’S DIGEST

ACR 105, as introduced, Chiu. Prescription drug prices.

This measure would state the Legislature’s commitment to lower the cost of prescription drugs for all Californians and to support the expansion of California’s single-purchaser system for prescription drugs, and would encourage the Governor to engage with the States of Washington and Oregon and others who wish to partner with our state to lower prescription drug prices across the nation.

Fiscal committee: yes.

WHEREAS, The state’s spending on prescription drugs has increased at an unsustainable rate, including hikes of approximately 20% per year since 2012, constituting a substantial fiscal drain on the pockets of all Californians and the entire state; and

WHEREAS, A relatively small subset of high-cost drugs accounts for a disproportionate amount of spending, with the 25 most expensive drugs accounting for approximately one-half of state prescription drug expenditures; and

WHEREAS, The rising prices of prescription drugs impact not only the state and individuals enrolled in state programs but all Californians and Americans, including small businesses and
families who are forced to make sacrifices to access lifesaving and life-preserving treatments; and

WHEREAS, A major cause of skyrocketing prescription drug prices is bargaining asymmetry, by which the pharmaceutical industry, often wielding monopoly power, is left unchecked in the absence of a strong counterparty at the bargaining table; and

WHEREAS, The state can marshal public and private parties to counterbalance corporate bargaining power not only to address rising prescription drug prices, but, more broadly, to promote access to affordable health care for all; and

WHEREAS, The Governor, through his first Executive order, created a statewide single-purchaser system for prescription drugs to ultimately allow all Californians, including private employers, to sit together at the bargaining table across from big drug companies when negotiating prescription drug prices; and

WHEREAS, There are further opportunities to expand the negotiation and purchase prescription drugs with states outside of California; and

WHEREAS, The State of Washington enacted HB 1224 in May 2019 which directs its administration to work with the States of California and Oregon to develop joint strategies to reduce prescription drug costs and increase prescription drug cost transparency; and

WHEREAS, The State of Oregon introduced HB 2679 in 2019, which directs the administrator of the Oregon Prescription Drug Program to cooperate with State of California in the bulk purchase of prescription drugs; now, therefore, be it

Resolved by the Assembly of the State of California, the Senate thereof concurring, That the Legislature is committed to lowering the costs of prescription drugs for all Californians and supports the expansion of California’s single-purchaser system for prescription drugs; and be it further

Resolved, That the Legislature encourages the Governor to engage with the States of Washington and Oregon and others who wish to partner with our state to lower prescription drug prices across the nation; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the Governor, the Department of General
Services, the State Department of Health Care Services, and the
author for appropriate distribution.