



California Public Employees' Retirement System
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August 21, 2013

**CalPERS Position: OPPOSE UNLESS
AMENDED**

The Honorable Jerry Hill
California State Senate
State Capitol, Room 5064
Sacramento, CA 95814

**SUBJECT: SB 598 – As Amended August 6, 2013
Prescription Drugs: Biosimilars**

Dear Senator Hill:

On behalf of the California Public Employees' Retirement System (CalPERS) Board of Administration (Board), I want to inform you that CalPERS has taken a position of **oppose unless amended** to remove the physician notification requirement from your SB 598, which would allow a pharmacist to substitute an interchangeable biosimilar for a prescribed biologic product when certain conditions are met.

In 2011, CalPERS spent more than \$6.67 billion to purchase health benefits for 1.3 million active and retired State and local government public employees and their families. Of the approximately \$250 million CalPERS spends on specialty drugs each year, biologics comprised approximately \$236 million, or 94 percent, of this cost.

While SB 598 would allow biologics to be substituted under State law, the bill imposes unnecessary physician notification requirements on pharmacists that could potentially reduce the number of prescriptions substituted with biosimilars. If CalPERS is unable to realize the full savings from interchangeable biosimilar products, we may ultimately be forced to raise prescription drug co-payments or health insurance premiums, shifting even more increasingly unaffordable health care costs onto our members and their families.

We look forward to working with you to address the Board's concerns. If you have any questions, please feel free to contact me at (916) 795-2565.

Sincerely,

A handwritten signature in blue ink, appearing to read "Danny Brown".

DANNY BROWN, Chief
Office of Governmental Affairs