

Senate Concurrent Resolution No. 39

RESOLUTION CHAPTER 142

Senate Concurrent Resolution No. 39—Relative to public employees' health care.

[Filed with Secretary of State September 26, 2001.]

LEGISLATIVE COUNSEL'S DIGEST

SCR 39, Soto. Public employees' health benefits: panel study.

This measure would provide for the establishment of a special panel to study the funding of pharmacy benefits, copayments, and other benefit structures of the Public Employees' Medical and Hospital Care Act program. The measure would further require the Chair of the Senate Committee on Public Employment and Retirement to convene this panel no later than September 15, 2001, and would require the panel to make recommendations and submit to certain committees a preliminary report of its conclusions and recommendations by March 1, 2002, and a final report by June 1, 2002.

WHEREAS, The health program administered pursuant to the Public Employees' Medical and Hospital Care Act (PEMHCA) pays approximately \$1.8 billion in health care premiums annually to provide health care benefits to 1.1 million California public employees, making it the second largest health care buying pool in the country; and

WHEREAS, The PEMHCA program is financed by contributions of both active and retired public employees and California taxpayers; and

WHEREAS, The annual cost of the PEMHCA program has increased dramatically during recent years, with estimated premium hikes for next year ranging from 5.5 percent to 41 percent over the current year; and

WHEREAS, Projections indicate that the cost of the PEMHCA program will continue to escalate during future years, possibly to the extent that the quality of service provided by the program could be endangered; and

WHEREAS, A major contributing factor to the increase in health care costs is prescription drugs, as indicated by the fact that during the last five years total spending on prescription drugs increased by 85 percent nationally, with consumers over 65 years of age purchasing an average of 15 new prescriptions per year; and

WHEREAS, It is in the best interest of the people of the State of California that every effort be made to contain and reduce PEMHCA



program costs without compromising the level of service offered by the program; and

WHEREAS, The federal Health Care Financing Administration predicts that prescription drugs costs will continue to rise at a faster rate than any other category of health care services, and for those over 65 years of age the average yearly bill will rise from the current sum of \$1,989 to \$4,818 per person in 2011; and

WHEREAS, The Journal of the American Pharmaceutical Association reported that misuse of prescription drugs costs the economy more than \$177 billion annually in hospital admissions, long-term care admissions, and physician and emergency department visits, and further noted that drug misuse was responsible for approximately 218,000 patient deaths in 2000, so that the costs from drug-related problems exceed the actual cost of the medications; and

WHEREAS, Academic studies and research have indicated that pharmacy benefit programs can be improved through pharmacist activities, including drug utilization review, patient consultation, management of patients with chronic diseases to increase compliance with their drug therapy, and development and refinement of drug formulas and related programs that benefit patients and also reduce the spiraling cost of prescription drugs; and

WHEREAS, Although the cost of health care coverage is very important, it is also necessary to consider issues of program quality and effectiveness because of the impact on the health productivity and stability of the state's public employee workforce; now, therefore, be it

Resolved by the Senate of the State of California, the Assembly thereof concurring, That a special panel be formed to study the funding of pharmacy benefits, copayments, and other benefit structures of the PEMHCA program; and be it further

Resolved, That the Chair of the Senate Committee on Public Employment and Retirement shall convene the panel no later than September 15, 2001; and be it further

Resolved, That the panel shall recommend improvements, additions, or changes to pharmacy benefit programs offered by PEMHCA providers and health plans in order to best provide cost-effective benefits for the state's active and retired public employees; and be it further

Resolved, That panel membership shall consist of the Chair of the Senate Committee on Public Employment and Retirement or a committee member appointed by the Chair, the Chair of the Assembly Committee on Public Employees, Retirement and Social Security or a committee member appointed by the Chair, and the Chair of the Health Benefits Committee of the State Public Employees' Retirement System Board or a committee member appointed by the Chair; and be it further



Resolved, That the Speaker of the Assembly shall appoint to the panel a member of the faculty of a school of pharmacy, a representative of the California Pharmacist Association, a representative from the California Association of Health Plans, a representative from the Pharmaceutical Research and Manufacturers of America, a member of the Assembly Republican Caucus, and a consumer representative; and be it further

Resolved, That the Senate Committee on Rules shall appoint to the panel three representatives from among the employee organizations which represent both active and retired beneficiaries of the PEMHCA program, a representative from the California Medical Association, a representative of the California Nurses Association, and a member of the Senate Republican Caucus; and be it further

Resolved, That the panel shall submit to the Senate Committee on Public Employment and Retirement and the Assembly Committee on Public Employees, Retirement and Social Security a preliminary report of its conclusions and recommendations by March 1, 2002, and a final report of its conclusions and recommendations no later than June 1, 2002.

