

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2711

Introduced by Assembly Member Chiu

February 19, 2016

An act to ~~amend~~ *add and repeal* Section ~~127005~~ *of 14981* of the ~~Health and Safety~~ *Government* Code, relating to ~~public health.~~ *pharmaceuticals.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2711, as amended, Chiu. ~~Office of Statewide Health Planning and Development.~~ *Pharmaceuticals: purchasing.*

Existing law authorizes the Department of General Services to enter into contracts on a bid or negotiated basis with manufacturers and suppliers of single source or multisource drugs and authorizes the department to obtain from them discounts, rebates, or refunds as permissible under federal law. Existing law authorizes the department, in consultation with specified state agencies, to investigate and implement other options and strategies to achieve the greatest savings on prescription drugs with prescription drug manufacturers and wholesalers, including, among others, coordinating programs offered by pharmaceutical manufacturers that provide prescription drugs for free or at reduced prices.

This bill would require the department, on or before February 1, 2017, to submit a report to the appropriate policy and fiscal committees of the Legislature on activities that have been or will be undertaken pursuant to the above provisions. The bill would require the report to include specified information, such as the number and description of contracts entered into with manufacturers and suppliers of drugs,

including any discounts, rebates, or refunds obtained. The bill would repeal the reporting requirement on January 1, 2021. The bill would also state the intent of the Legislature to enact future legislation that enacts strategies to achieve the greatest savings on prescription drugs with prescription drug manufacturers and wholesalers.

~~Existing law establishes the Office of Statewide Health Planning and Development within the California Health and Human Services Agency. Existing law places the office under the control of an executive officer known as the Director of Statewide Health Planning and Development. Existing law provides that the director is appointed by the Governor, subject to confirmation by the Senate, and holds office at the pleasure of the Governor.~~

~~This bill would make technical, nonsubstantive changes to that provision.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. It is the intent of the Legislature to enact*
2 *legislation that would include strategies to achieve the greatest*
3 *savings on prescription drugs with prescription drug manufacturers*
4 *and wholesalers.*

5 *SEC. 2. Section 14981 is added to the Government Code, to*
6 *read:*

7 *14981. (a) On or before February 1, 2017, the department*
8 *shall submit a report to the appropriate policy and fiscal*
9 *committees of the Legislature on activities that have been or will*
10 *be undertaken pursuant to this chapter. The report shall include,*
11 *but not be limited to, all of the following:*

12 *(1) The number and a description of contracts entered into with*
13 *manufacturers and suppliers of drugs pursuant to Section 14977.1,*
14 *including any discounts, rebates, or refunds obtained.*

15 *(2) The number and a description of entities that elect to*
16 *participate in the coordinated purchasing program pursuant to*
17 *Section 14977.5.*

18 *(3) Other options and strategies that have been or will be*
19 *implemented pursuant to Sections 14978 and 14980.*

20 *(4) Estimated costs and savings attributable to activities that*
21 *have been or will be undertaken pursuant to this chapter.*

1 (b) (1) The report in subdivision (a) shall be submitted in
2 compliance with Section 9795.

3 (2) Pursuant to Section 10231.5, this section is repealed on
4 January 1, 2021.

5 SECTION 1. ~~Section 127005 of the Health and Safety Code~~
6 ~~is amended to read:~~

7 ~~127005. The office is under the control of an executive officer~~
8 ~~known as the Director of Statewide Health Planning and~~
9 ~~Development. The director shall be appointed by the Governor,~~
10 ~~subject to confirmation by the Senate, and hold office at the~~
11 ~~pleasure of the Governor. He or she shall receive the annual salary~~
12 ~~provided by Article 1 (commencing with Section 11550) of Chapter~~
13 ~~6 of Part 1 of Division 3 of Title 2 of the Government Code.~~