



**STATE LEGISLATION COMMITTEE
Legislative Proposal Form**

This form should be used to submit legislative proposals for consideration by the State Legislation Committee. Before submission, proposals must be reviewed and approved by the Department Head or Commission.

Please send completed forms to Andrew Dayton in the Mayor's Office at andrew.dayton@sfgov.org

SUBMITTING DEPARTMENT	SF Health Service System
CONTACT PERSON E-mail and Phone #	Catherine Dodd PhD, RN Catherine.dodd@sfgov.org
Bill Number (Sponsor)	SB 1010 Hernandez
EXISTING ISSUE & PRESENT STATE LAW	Under current law, proposed rate increases in the individual market and small group markets are reviewed by either the Department of Insurance or Department of Managed Health Care to determine whether they are reasonable. Neither department has authority to regulate rates, even if they are found to be unreasonable. Pharmaceutical prices in the U.S. are increasing in a double digit trend. Pharmaceuticals are among the top two significant contributors to HSS health premium rate increases.
RECOMMENDED PROPOSAL	This bill requires drug manufacturers to report to state purchasers of health care services when drug prices are going to increase by more than 10% or when new drugs costing more than \$10,000 per course of treatment are going to be introduced to the market. It requires health plans and health insurers that report information on premium rates to their regulator to also include specified information relating to prescription drug spending. The bill would require drug manufacturers to report to state purchasers of health care services when drug prices are going to increase by more than 10% or when new drugs costing more than \$10,000 per course of treatment are going to be introduced to the market.
DISCUSSION/ ANALYSIS OF RECOMMENDED PROPOSAL	Among the Legislative Committee's priorities are: Support Healthcare Cost and Quality Transparency and Support regulation of pharmaceutical pricing at state and federal level. This bill fulfills both of these priorities. It will increase awareness of pharmaceutical pricing and is hoped to influence legislative, regulatory action.
RECOMMENDED POSITION Please mark appropriate box	<input type="checkbox"/> SPONSOR <input checked="" type="checkbox"/> SUPPORT



	<input type="checkbox"/> OPPOSE <input type="checkbox"/> OTHER & Describe
FISCAL IMPACT Including impacts to the City's General Fund	One-time costs to State of \$220,000 and ongoing of \$250,000.00 per year for review of drug pricing information and report to Legislature by the Department of Managed Health Care.
IMPACT TO OTHER DEPARTMENTS	
REVIEWED & APPROVED BY DEPARTMENT HEAD	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
OTHER ITEMS OF NOTE	
DATE SUBMITTED	May 31, 2016