

April 13, 2010

The Honorable Elaine K. Alquist
Chair, Senate Health Committee
California State Senate
State Capitol, Room 5080
Sacramento, CA 95814

RE: Senate Bill 961 (Wright) – SUPPORT

Dear Senator Alquist:

On behalf of the California Healthcare Institute (CHI), whose more than 250 members include our state's premier life sciences companies and academic research institutions, I am writing in support of SB 961, a bill that require health care service plan contracts and health insurance policies that provide coverage for cancer chemotherapy to provide coverage parity for prescribed, orally administered anti-cancer medications.

Cancer patients in California today face an unfortunate paradox. While advances in orally administered anti-cancer medications have increased the range of available remedies and provide a means to avoid chemotherapy administration in a doctor's office, health care service plans and insurance policies do not cover these treatment options at the same level that in-patient care is covered. When a patient is administered chemotherapy in the doctor's office, they are required to pay a co-payment for the visit, but not a separate co-payment for the chemotherapy product itself. However, orally-administered cancer drugs are subject to extraordinary co-payment schedules on most health care service plans and insurance policies. On top of paying the co-payment for the doctor's visit, patients are often left paying out-of-pocket for these life-saving cancer treatments in amounts that are financially devastating.

To be sure, most orally-administered cancer treatments that are covered under a plan's pharmacy benefit are typically placed on a fourth or specialty tier of a

prescription plan's formulary. According to the Kaiser Family Foundation, the average co-insurance rate for 4th tier drugs is 28 percent. For a \$3,000 per month oral anticancer medication, this could mean close to \$900 in out-of-pocket spending by a patient. For many patients, this simply means that they do not have access to the same treatment that would be orally-administered at home versus intravenously administered at a doctor's office.

CHI member companies are at the heart of the biomedical research that have produced remarkable breakthroughs in orally-administered cancer treatment. Our biomedical researchers in the San Francisco and San Diego areas have tackled this vexing problem for several decades now. Our member companies know that our treatments are only effective when patients have access to them.

Patients who can benefit from orally-administered chemotherapy products can continue to remain active and lead productive lives, without often time-consuming and intrusive intravenous chemotherapy administrations. SB 961 would ensure that cancer patients have the most treatment options available to them when designing their treatment plans with their oncologist. For these reasons, we strongly support the bill.

Please feel free to contact me if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra Pizarro". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sandra Pizarro
Vice President – State Government Affairs

CC: Members, Senate Health Committee
Senator Rod Wright
Senate Republican Caucus