



**California Public Employees' Retirement System**

**Executive Office**

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The Honorable Chuck Schumer  
Majority Leader  
U.S. Senate  
322 Hart Senate Office Building  
Washington, DC 20510

The Honorable Mike Johnson  
Speaker of the House  
U.S. House of Representatives  
H-232, The Capitol  
Washington, DC 20515

The Honorable Mitch McConnell  
Minority Leader  
U.S. Senate  
317 Russell Senate Office Building  
Washington, DC 20510

The Honorable Hakeem Jeffries  
Minority Leader  
U.S. House of Representatives  
H-204, The Capitol  
Washington, DC 20515

January 19, 2024

**Subject: Support for Health Legislation to Secure Greater Health Care Affordability**

Dear Majority Leader Schumer, Speaker Johnson, Minority Leader McConnell, and Minority Leader Jeffries:

On behalf of the California Public Employees' Retirement System (CalPERS), I am writing in support of legislative efforts Congress has taken this session to secure greater health care affordability by including several important health care cost containment provisions currently under consideration within the appropriations process for fiscal year 2024.

With more than 1.5 million members, CalPERS is the largest purchaser of public employee health benefits in California and the second largest public purchaser in the nation after the federal government. In 2022, we spent over \$10.6 billion to purchase health benefits for active and retired members and their families on behalf of the State of California (including the California State University) and nearly 1,200 public agencies and schools. Approximately 19 percent of our \$10.6 billion spend was for outpatient prescription drugs alone. CalPERS strongly supports legislative changes that improve health care quality, access, and affordability for our members.

The House and Senate have both held multiple hearings and worked on several pieces of legislation to address rising health care costs by increasing the transparency requirements for pharmacy benefit managers (PBMs) and health care facilities, as well as proposals to bolster the health care workforce. As Congress considers proposals for a final health care package, CalPERS urges the inclusion of bipartisan, bicameral provisions and policies that:

- Require price transparency from the commercial health care sector, including PBMs. In addition, CalPERS is supportive of provisions that delink PBM reimbursement from drug prices and instead reimburse PBMs using a flat service fee. We believe these changes will provide purchasers with critical information to better serve plan members and improve the financial incentives in the pharmaceutical space.
- Remove barriers to generic prescription drug competition by prohibiting anti-competitive practices among pharmaceutical manufacturers such as “pay-for-delay” tactics, product hopping, and sham citizen petitions that slow or stop more affordable competitors from entering the marketplace.
- Prohibit “anti-tiering” and “anti-steering” clauses in contracts between providers and health plans that restrict plans from directing patients to use specific providers and facilities with higher quality and lower prices.
- Increase access to behavioral health services and bolster the behavioral health workforce. The burden of untreated and undertreated behavioral health conditions is both a major population health problem and a delivery system challenge. We support proposals that prioritize access to integrated behavioral health and early intervention and treatment to improve health outcomes, save money, and reduce stigma.
- Extend the Inflation Rebate Program to the commercial sector and allow commercial health plans to utilize the maximum fair prices established under the Medicare Drug Price Negotiation Program, resulting in millions in savings for purchasers and employees.

We thank you for your consideration and we welcome the opportunity to work with you on our shared goal to improve health care affordability. Please do not hesitate to contact Donald Moulds, Chief Health Director, at (916) 795-0404, or Danny Brown, Chief of our Legislative Affairs Division, at (916) 795-2565, if we can be of any assistance.

Sincerely,

Marcie Frost  
Chief Executive Officer

cc: The Honorable Ron Wyden, Chair, Senate Finance Committee  
The Honorable Michael Crapo, Ranking Member, Senate Finance Committee  
The Honorable Bernie Sanders, Chair, Senate Health, Education, Labor and Pension Committee  
The Honorable Bill Cassidy, Ranking Member, Senate Health, Education, Labor and Pension Committee  
The Honorable Cathy McMorris Rodgers, Chair, House Energy and Commerce Committee  
The Honorable Frank Pallone, Ranking Member, House Energy and Commerce Committee  
The Honorable Jason Smith, Chair, House Ways and Means Committee  
The Honorable Richard Neal, Ranking Member, House Ways and Means Committee