



California Public Employees' Retirement System

Executive Office

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3829 | Fax: (916) 795-3410

888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

The Honorable Kevin McCarthy
Speaker, U.S. House of Representatives
2468 Rayburn House Office Building
Washington, DC 20515

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

The Honorable Hakeem Jeffries
Minority Leader, U.S. House of
Representatives
2433 Rayburn House Office Building
Washington, DC 20515

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

September 19, 2023

Subject: Legislation to Speed and Expand Generic and Biosimilar Drug Access

Dear Speaker McCarthy, Minority Leader Jeffries, Majority Leader Schumer, and Minority Leader McConnell,

On behalf of the California Public Employees' Retirement System (CalPERS), I write to express support for legislation designed to lower prescription drug costs by reforming the drug patent and approval systems.

With more than 1.5 million members, CalPERS is the largest purchaser of public employee health benefits in California and the second largest employer purchaser in the nation after the federal government. In 2021, CalPERS spent an estimated \$10.2 billion to purchase health benefits for our members and their families on behalf of the State of California and nearly 1,200 public agencies and schools. Of this \$10.2 billion spend, \$1.9 billion was for outpatient prescription drugs alone.

Prescription drugs play an increasingly important role in the health and well-being of our members and their families. Rising costs of these drugs are driven largely by the growing number and increasing launch prices of specialty drugs and gene therapies, which represent a small fraction of drugs prescribed and dispensed, but account for a large portion of the overall CalPERS spend. Our experience has found that the use of generics, biosimilars, and evidence-based pharmacy benefit management strategies are critical to controlling increasing prescription drug cost trends.

We applaud the bipartisan efforts by both Senate and House Committees in approving legislation that decrease the cost of prescription drugs and that support the development of a clear, efficient, and timely regulatory pathway. Establishing better communication between the Patent and Trademark Office (PTO) and the Food and Drug Administration (FDA), while equipping the Federal Trade Commission (FTC) and FDA with additional tools to counter dubious drug manufacturer practices such as pay-for-delay, sham citizen petitions, and product hopping is overdue and necessary.

CalPERS has long advocated for initiatives that are aimed at prohibiting anti-competitive arrangements used by manufacturers to block or delay the market entry of lower-cost generic drugs and biosimilar products. We believe biosimilars play a critical role in our ability to lower health care costs while offering the same efficacy and safety profile as the original biologic drugs. Starting in 2021, we teamed with one of our health plan sponsors on Biosimilars First, a program that requires the use of biosimilars for adult patients new to treatment when a biosimilar is available and clinically appropriate. While a formal evaluation is underway, early results showed widespread patient and provider acceptance and cost savings. We continue to work on expanding the utilization of biosimilars with both our pharmacy benefits manager and our health plans.

Thank you for your leadership on this important issue and for considering our views. We urge you to calendar and pass legislative proposals aimed at ending anti-competitive practices to block or delay market entry of lower-cost generic drugs and biological products, either individually or as part of a larger package of reforms to the prescription drug supply chain.

We welcome the opportunity to work with you on ways goal to improve health care affordability. Please do not hesitate to contact me directly at (916) 795-3818, or your staff can contact Danny Brown, Chief of our Legislative Affairs Division, at (916) 795-2565, if we can be of any assistance as these measures proceed.

Sincerely,

Marcie Frost
Chief Executive Officer