

AMENDED IN SENATE APRIL 18, 2005
AMENDED IN SENATE JANUARY 6, 2005

SENATE BILL

No. 19

**Introduced by Senator Ortiz
(Principal coauthor: Senator Poochigian)**

December 6, 2004

An act to add Division 112 (commencing with Section 130600) to the Health and Safety Code, relating to pharmacy—~~assistance,~~ *assistance*, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 19, as amended, Ortiz. California Rx Program.

Under existing law, the State Department of Health Services administers the Medi-Cal program, and is authorized, among other things, to enter into contracts with certain drug manufacturers. Under existing law, the department is entitled to drug rebates in accordance with certain conditions, and drug—~~manufactures~~ *manufacturers* are required to calculate and pay interest on late or unpaid rebates.

This bill would establish the California *State* Pharmacy Assistance Program (Cal Rx) under the oversight of the department. The bill would authorize the department to implement and administer Cal Rx through a contract with a 3rd-party vendor or utilizing existing health care service provider enrollment and payment mechanisms. The bill would require the department—~~or 3rd-party vendor~~ to attempt to negotiate—~~drug manufacturer~~ *drug manufacturer* rebate agreements for Cal Rx with drug manufacturers. The bill would authorize any licensed pharmacy and any drug manufacturer, as defined, to provide services under Cal Rx. The bill would establish eligibility criteria and application procedures for California residents to participate in Cal Rx. The application process would require an applicant to attest to information provided

under penalty of perjury, which would expand the definition of an existing crime, thereby imposing a state-mandated local program. ~~The bill would authorize the department to terminate the program if any one of 3 determinations are made.~~

The bill would establish the California State Pharmacy Assistance Program Fund into which all payments received under Cal Rx would be deposited. The bill would continuously appropriate the fund to the department for purposes of Cal Rx.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

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

1 SECTION 1. Division 112 (commencing with Section
2 130600) is added to the Health and Safety Code, to read:

3
4 DIVISION 112. CALIFORNIA STATE PHARMACY
5 ASSISTANCE PROGRAM (CAL RX)

6
7 CHAPTER 1. GENERAL PROVISIONS

8
9 130600. This division shall be known, and may be cited, as
10 the California State Pharmacy Assistance Program or Cal Rx.

11 130601. For the purposes of this division, the following
12 definitions shall apply:

13 (a) "Benchmark price" means the price for an individual drug
14 or aggregate price for a group of drugs offered by a manufacturer
15 equal to the lowest commercial price for the individual drug or
16 group of drugs.

17 (b) "Cal Rx" means the California State Pharmacy Assistance
18 Program.

19 (c) "Department" means the State Department of Health
20 Services.

1 (d) “Fund” means the California State Pharmacy Assistance
2 Program Fund.

3 (e) “Inpatient” means a person who has been admitted to a
4 hospital for observation, diagnosis, or treatment and who is
5 expected to remain overnight or longer.

6 (f) (1) “Lowest commercial price” means the lowest purchase
7 price for an individual drug, including all discounts, rebates, or
8 free goods, available to any wholesale or retail commercial class
9 of trade in California.

10 (2) Lowest commercial price excludes purchases by
11 government entities, purchases pursuant to Section 340B of the
12 federal Public Health Services Act (42 U.S.C. Sec. 256b), or
13 nominal prices as defined in federal Medicaid drug rebate
14 agreements.

15 (3) A purchase price provided to an acute care hospital or
16 acute care hospital pharmacy may be excluded if the prescription
17 drug is used exclusively for an inpatient of the hospital.

18 (4) Wholesale or retail commercial class of trade includes
19 distributors, retail pharmacies, pharmacy benefit managers,
20 health maintenance organizations, or any entities that directly or
21 indirectly sell prescription drugs to consumers through licensed
22 retail pharmacies, physician offices, or clinics.

23 (g) “Manufacturer” means a drug manufacturer as defined in
24 Section 4033 of the Business and Professions Code.

25 (h) ~~“Manufacturers”~~ “*Manufacturer’s rebate*” means the rebate
26 for an individual drug or aggregate rebate for a group of drugs
27 necessary to make the price for the drug ingredients equal to or
28 less than the applicable benchmark price.

29 (i) “*Multiple-source drug*” means the same drug in the same
30 dosage form and strength manufactured by two or more
31 manufacturers, which is approved by the United States Food and
32 Drug Administration under provisions pertaining to the
33 Abbreviated New Drug Applications (ANDA) process.

34 (j) “*National Drug Code*” or “*NDC*” means the unique
35 10-digit, three-segment number assigned to each drug product
36 listed under Section 510 of the federal Food, Drug, and Cosmetic
37 Act (21 U.S.C. Sec. 360). This number identifies the labeler or
38 vendor, product, and trade package.

39 (k) “*Participating manufacturer*” means a drug manufacturer
40 that has contracted with the department to provide an individual

1 *drug or group of drugs for Cal Rx participants at a price that is*
2 *equal to or lower than the benchmark price.*

3 (l) *“Participating pharmacy” means a pharmacy that has*
4 *executed a pharmacy provider agreement with the department*
5 *for Cal Rx.*

6 (m) *“Pharmacy contract rate” means the negotiated per*
7 *prescription reimbursement rate for drugs dispensed to Cal Rx*
8 *recipients.*

9 (n) *“Prescription drug” means any drug that bears the legend:*
10 *“Caution: federal law prohibits dispensing without prescription,”*
11 *“Rx only,” or words of similar import.*

12 (j)
13 (o) *“Private discount drug program” means a prescription drug*
14 *discount card or manufacturer patient assistance program that*
15 *provides discounted or free drugs to eligible individuals. For the*
16 *purposes of this division, a private discount drug program is not*
17 *considered insurance or a third-party payer program.*

18 (k)
19 (p) *“Recipient” means a resident that has completed an*
20 *application and has been determined eligible for Cal Rx.*

21 (f)
22 (q) *“Resident” means a California resident pursuant to Section*
23 *17014 of the Revenue and Taxation Code.*

24 ~~(m) “Third-party vendor” means a public or private entity~~
25 ~~with whom the department contracts pursuant to subdivision (b)~~
26 ~~of Section 130602, which may include a pharmacy benefit~~
27 ~~administration or pharmacy benefit management company.~~

28 (r) *“Therapeutic category” means a drug or a grouping of*
29 *drugs determined by the department to have similar attributes*
30 *and to be alternatives for the treatment of a specific disease or*
31 *condition.*

32 130602. (a) There is hereby established the California State
33 Pharmacy Assistance Program or Cal Rx.

34 (b) The department shall provide oversight of Cal Rx. To
35 implement and administer Cal Rx, the department may contract
36 with a third-party vendor or utilize existing health care service
37 provider enrollment and payment mechanisms, including the
38 Medi-Cal program’s fiscal intermediary.

39 (c) Any resident may enroll in Cal Rx if determined eligible
40 pursuant to Section 130605.

1 CHAPTER 2. ELIGIBILITY AND APPLICATION PROCESS

2
3 130605. (a) To be eligible for Cal Rx, an individual shall
4 meet all of the following requirements at the time of application
5 and reapplication for the program:

6 (1) Be a resident.

7 (2) Have family income, as reported pursuant to Section
8 130606, that does not exceed 300 percent of the federal poverty
9 guidelines, as revised annually by the United States Department
10 of Health and Human Services in accordance with Section 673(2)
11 of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C.
12 Sec. 9902), as amended.

13 (3) Not have outpatient prescription drug coverage paid for in
14 whole or in part by any of the following:

15 (A) A third-party payer. *An individual who has reached the*
16 *annual limit on his or her outpatient prescription drug coverage*
17 *provided by a third-party payer shall also be eligible for Cal Rx*
18 *if he or she meets the eligibility requirements pursuant to*
19 *paragraphs (1) and (2).*

20 (B) The Medi-Cal program.

21 (C) The children's health insurance program.

22 ~~(D) The disability medical assistance program.~~

23 ~~(E)~~

24 (D) Another health plan or pharmacy assistance program that
25 uses state or federal funds to pay part or all of the cost of the
26 individual's outpatient prescription drugs. Notwithstanding any
27 other provision of this division to the contrary, an individual
28 enrolled in Medicare may participate in this program, to the
29 ~~extent allowed by federal law, for prescription drugs not covered~~
30 ~~by Medicare.~~ *extent allowed by federal law and consistent with*
31 *federal state pharmacy assistance program standards, for*
32 *prescription drugs not covered by Medicare prescription drug*
33 *coverage or with respect to an individual responsible for paying*
34 *100 percent of the cost of prescription drugs under the coverage*
35 *gap provisions of the Medicare Program prescription drug*
36 *benefit.*

37 (4) Not have had outpatient prescription drug coverage
38 specified in paragraph (3) during any of the three months
39 preceding the month in which the application or reapplication for
40 Cal Rx is made, unless any of the following applies:

1 (A) The third-party payer that paid all or part of the coverage
2 filed for bankruptcy under the federal bankruptcy laws.

3 (B) The individual is no longer eligible for coverage provided
4 through a retirement plan subject to protection under the
5 Employee Retirement Income Security Act of 1974 (29 U.S.C.
6 Sec. 1001), as amended.

7 (C) The individual is no longer eligible for the Medi-Cal
8 program, children's health insurance program, or disability
9 medical assistance program.

10 (D) *The individual is no longer eligible for prescription drug*
11 *coverage due to loss of employment and is not eligible for*
12 *continued prescription drug coverage through the previous*
13 *employer.*

14 (b) Application and an annual reapplication for Cal Rx shall be
15 made pursuant to subdivision (d) of Section 130606. An
16 applicant, or a guardian or custodian of an applicant, may apply
17 or reapply on behalf of the applicant and the applicant's spouse
18 and children.

19 130606. (a) The department or third-party vendor shall
20 develop an application and reapplication form for the
21 determination of a resident's eligibility for Cal Rx.

22 (b) The application, at a minimum, shall do all of the
23 following:

24 (1) Specify the information that an applicant or the applicant's
25 representative must include in the application.

26 (2) Require that the applicant, or the applicant's guardian or
27 custodian, attest that the information provided in the application
28 is accurate to the best knowledge and belief of the applicant or
29 the applicant's guardian or custodian.

30 (3) Include a statement printed in bold letters informing the
31 applicant that knowingly making a false statement is punishable
32 under penalty of perjury.

33 (4) Specify that the application and annual reapplication fee
34 due upon submission of the ~~applicable form~~ *application form*
35 *through a pharmacy, physician office, or clinic* is fifteen dollars
36 (\$15).

37 (c) In assessing the income requirement for Cal Rx eligibility,
38 the department shall use the income information reported on the
39 application and not require additional documentation.

1 (d) Application and annual reapplication may be made at any
2 pharmacy, physician office, or clinic participating in Cal Rx;
3 ~~through a Web site or call center staffed by trained operators~~
4 ~~approved by the department, or through the third-party vendor.~~
5 A pharmacy, physician office, clinic, or third-party vendor
6 completing the application shall keep the application fee as
7 reimbursement for its processing costs. If it is determined that the
8 applicant is already enrolled in Cal Rx, the fee shall be returned
9 to the applicant and the applicant shall be informed of his or her
10 current status as a recipient.

11 (e) *Application and annual reapplication may be made*
12 *through a Web site or call center staffed by trained operators*
13 *approved by the department.*

14 (f) The department or third-party vendor shall utilize a secure
15 electronic application process that can be used by a pharmacy,
16 physician office, or clinic, by a Web site, by a call center staffed
17 by trained operators, or through the third-party vendor to enroll
18 applicants in Cal Rx.

19 ~~(f) During normal~~

20 (g) *During the department's regular business hours, the*
21 *department or third-party vendor shall make a determination of*
22 *eligibility within four hours of receipt by Cal Rx of a completed*
23 *application. The department or third-party vendor shall mail the*
24 *recipient an identification card no later than four days after*
25 *eligibility has been determined.*

26 ~~(g)~~

27 (h) For applications submitted through a pharmacy, the
28 department or third-party vendor may issue a recipient
29 identification number for eligible applicants to the pharmacy for
30 immediate access to Cal Rx.

31 (i) *Any person that signs and dates an application shall certify*
32 *that the information in the application is true under penalty of*
33 *perjury.*

34 130607. (a) *The department shall encourage a participating*
35 *manufacturer to maintain the level of private discount drug*
36 *programs provided at a comparable level to that provided prior*
37 *to the enactment of this division. To the extent possible, the*
38 *department shall encourage a participating manufacturer to*
39 *simplify the application and eligibility processes for its private*
40 *discount drug program.*

1 (b) The department or third-party vendor shall attempt to
2 execute agreements with private discount drug programs to
3 provide a single point of entry for eligibility determination and
4 claims processing for drugs available in those private discount
5 drug programs.

6 ~~(b)~~

7 (c) (1) Private discount drug programs may require an
8 applicant to provide additional information, beyond that required
9 by Cal Rx, to determine the applicant's eligibility for discount
10 drug programs.

11 (2) An applicant shall not be, under any circumstances,
12 required to participate in, or to disclose information that would
13 determine the applicant's eligibility to participate in, private
14 discount drug programs in order to participate in Cal Rx.

15 (3) Notwithstanding paragraph (2), an applicant may
16 voluntarily disclose or provide information that may be necessary
17 to determine eligibility for participation in a private drug
18 discount program.

19 ~~(e)~~

20 (d) For those drugs available pursuant to subdivision-~~(a)~~ (b),
21 the department or third-party vendor shall develop a system that
22 provides a recipient with the best prescription drug discounts that
23 are available to them through Cal Rx or through private discount
24 drug programs.

25 ~~(d)~~

26 (e) The recipient identification card issued pursuant to
27 subdivision-~~(g)~~ (h) of Section 130606 shall serve as a single point
28 of entry for drugs available pursuant to subdivision-~~(a)~~ (b) and
29 shall meet all legal requirements for a uniform prescription drug
30 card pursuant to Section 1363.03.

31

32 CHAPTER 3. ADMINISTRATION AND SCOPE

33

34 130615. (a) To the extent that funds are available, the
35 department shall conduct outreach programs to inform residents
36 about Cal Rx and private drug discount programs available
37 through the single point of entry as specified in subdivisions-~~(a)~~
38 (b) and-~~(d)~~ (e) of Section 130607. No outreach material shall
39 contain the name or likeness of a drug. The name of the
40 organization sponsoring the material pursuant to subdivision (b)

1 may appear on the material once and in a font no larger than 10
2 point.

3 (b) The department may accept on behalf of the state any gift,
4 bequest, or donation of outreach services or materials to inform
5 residents about Cal Rx. Neither Section 11005 of the
6 Government Code, nor any other law requiring approval by a
7 state officer of a gift, bequest, or donation shall apply to these
8 gifts, bequests, or donations. For purposes of this section,
9 outreach services may include, but shall not be limited to,
10 coordinating and implementing outreach efforts and plans.
11 Outreach materials may include, but shall not be limited to,
12 brochures, pamphlets, fliers, posters, advertisements, and other
13 promotional items.

14 (c) An advertisement provided as a gift, bequest, or donation
15 pursuant to this section shall be exempt from Article 5
16 (commencing with Section 11080) of Chapter 1 of Part 1 of
17 Division 3 of Title 2 of the Government Code.

18 (d) *The department may negotiate a contract with any*
19 *manufacturer to provide funds as grants to nonprofit programs*
20 *pursuant to Division 2 (commencing with Section 5000) of Title 1*
21 *of the Corporations Code, for the purpose of conducting*
22 *outreach for Cal Rx.*

23 130616. (a) Any pharmacy licensed pursuant to Article 7
24 (commencing with Section 4110) of Chapter 9 of Division 2 of
25 the Business and Professions Code may participate in Cal Rx.

26 (b) Any manufacturer, as defined in subdivision (g) of Section
27 130601, may participate in Cal Rx.

28 130617. (a) This division shall apply only to prescription
29 drugs dispensed to noninpatient recipients.

30 (b) The amount a recipient pays for a drug within Cal Rx shall
31 be equal to the pharmacy contract rate pursuant to subdivision
32 (c), plus a dispensing fee that shall be negotiated as part of the
33 rate pursuant to subdivision (c), less the applicable ~~manufacturers~~
34 *manufacturer's* rebate.

35 (c) The department or third-party vendor may contract with
36 participating pharmacies for a rate other than the pharmacist's
37 usual and customary rate. However, the department must approve
38 the contracted rate of a third-party vendor.

1 (d) The department or third-party vendor shall provide a
2 claims processing system that complies with all of the following
3 requirements:

4 (1) Charges a price that meets the requirements of subdivision
5 (b).

6 (2) Provides the pharmacy with the dollar amount of the
7 discount to be returned to the pharmacy.

8 (3) Provides a single point of entry for access to private
9 discount drug programs pursuant to Section 130607.

10 (4) Provides drug utilization review warnings to pharmacies
11 consistent with the drug utilization review standards outlined in
12 Section 1927 of the federal Social Security Act (42 U.S.C. Sec.
13 1396r-8(g)).

14 (e) The department or third-party vendor shall pay a
15 participating pharmacy the discount provided to recipients
16 pursuant to subdivision (b) by a date that is not later than two
17 weeks after the claim is received.

18 (f) The department or third-party vendor shall develop a
19 program to prevent the occurrence of fraud in Cal Rx.

20 (g) The department or third-party vendor shall develop a
21 mechanism for recipients to report problems or complaints
22 regarding Cal Rx.

23 *(h) A participating pharmacy is not precluded from offering*
24 *the recipient a pharmacy contract reimbursement rate pursuant*
25 *to subdivision (c) for prescription drugs produced by*
26 *manufacturers not participating in Cal Rx.*

27 130618. (a) In order to secure the discount required pursuant
28 to subdivisions (b) and (c) of Section 130617, ~~the department or~~
29 ~~third-party vendor shall attempt to negotiate drug~~ *department*
30 *shall attempt to negotiate manufacturer rebate agreements for*
31 *Cal Rx with drug manufacturers. The department shall pursue*
32 *manufacturer rebate agreements for all drugs in each*
33 *therapeutic category.*

34 ~~(b) Each drug rebate agreement shall do all of the following:~~

35 *(b) Each participating manufacturer rebate agreement*
36 *executed pursuant to this division shall do all of the following:*

37 (1) Specify which of the *participating* manufacturer's drugs
38 are included in the agreement.

39 (2) Permit the department to remove a drug from the
40 agreement in the event of a dispute over the drug's utilization.

1 (3) Require the *participating* manufacturer to make a rebate
2 payment to the department for each drug specified under
3 paragraph (1) dispensed to a recipient.

4 (4) Require the rebate payment for a drug to be equal to the
5 amount determined by multiplying the applicable per unit rebate
6 by the number of units dispensed.

7 (5) Define a unit, for purposes of the agreement, in compliance
8 with the standards set by the National Council of Prescription
9 Drug Programs.

10 (6) Require the *participating* manufacturer to make the rebate
11 payments to the department on at least a quarterly basis.

12 (7) Require the *participating* manufacturer to provide, upon
13 the request of the department, documentation to validate that the
14 per unit rebate provided complies with paragraph (4).

15 ~~(8) Permit a~~

16 (8) *Require the participating manufacturer to report to the*
17 *department the lowest commercial price at the NDC level for*
18 *each drug available through Cal Rx.*

19 (9) *Require the participating manufacturer to pay interest on*
20 *late or unpaid rebates pursuant to subdivision (h).*

21 (10) *Permit a participating manufacturer to audit claims for*
22 *the drugs the manufacturer provides under Cal Rx. Claims*
23 *information provided to manufacturers shall comply with all*
24 *federal and state privacy laws that protect a recipient's health*
25 *information.*

26 (11) *Contain provisions for the timely reconciliation and*
27 *payment of rebates and interest penalties on disputed units.*

28 (12) *Permit the department to audit or review participating*
29 *manufacturer records and contracts as necessary to implement*
30 *this division.*

31 (c) To obtain the most favorable discounts, the department
32 may limit the number of drugs available within Cal Rx.

33 (d) *To obtain the most favorable discounts on multiple-source*
34 *drugs, the department may contract with private or public*
35 *purchasing groups.*

36 (e) The entire amount of the drug rebates negotiated pursuant
37 to this section shall go to reducing the cost to Cal Rx recipients
38 of purchasing drugs. The Legislature shall annually appropriate
39 an amount to cover the state's share of the discount provided by
40 this section.

1 (e)

2 (f) The department or third-party vendor may collect
3 prospective rebates from *participating* manufacturers for
4 payment to pharmacies. The amount of the prospective rebate
5 shall be contained in drug rebate agreements executed pursuant
6 to this section.

7 ~~(f) Drug rebate contracts negotiated by the third-party vendor~~
8 ~~shall be subject to review by the department. The department~~
9 ~~may cancel a contract that it finds not in the best interests of the~~
10 ~~state or Cal Rx recipients.~~

11 (g) The third-party vendor may directly collect rebates from
12 manufacturers in order to facilitate the payment to pharmacies
13 pursuant to subdivision (e) of Section 130617. The department
14 shall develop a system to prevent diversion of funds collected by
15 the third-party vendor.

16 (h) (1) *A participating manufacturer shall calculate and pay*
17 *interest on late or unpaid rebates.*

18 (2) *Interest described in paragraph (1) shall begin accruing*
19 *38 calendar days from the date of mailing the quarterly invoice,*
20 *including supporting utilization data sent to the manufacturer.*
21 *Interest shall continue to accrue until the date the*
22 *manufacturer's payment is mailed.*

23 (3) *Interest rates and calculations for purposes of this*
24 *subdivision shall be at ____ percent.*

25 (i) *A participating manufacturer shall clearly identify all*
26 *rebates, interest, and other payments, and payment transmittal*
27 *forms for Cal Rx, in a manner designated by the department.*

28 130619. (a) The department or third-party vendor shall
29 generate a monthly report that, at a minimum, provides all of the
30 following:

31 (1) Drug utilization information.

32 (2) Amounts paid to pharmacies.

33 (3) Amounts of rebates collected from manufacturers.

34 (4) A Summary of the problems or complaints reported
35 regarding Cal Rx.

36 (b) Information provided in paragraphs (1), (2), and (3) of
37 subdivision (a) shall be at the national drug code level.

38 130620. (a) The department or third-party vendor shall
39 deposit all payments received pursuant to Section 130618 into

1 the California State Pharmacy Assistance Program Fund, which
2 is hereby established in the State Treasury.

3 (b) Notwithstanding Section 13340 of the Government Code,
4 moneys in the fund are hereby appropriated to the department
5 without regard to fiscal years for the purpose of providing
6 payment to participating pharmacies pursuant to Section 130617
7 and for defraying the costs of administering Cal Rx.
8 Notwithstanding any other provision of law, no money in the
9 fund is available for expenditure for any other purpose or for
10 loaning or transferring to any other fund, including the General
11 Fund.

12 (c) *Notwithstanding Section 16305.7 of the Government Code,*
13 *any interest earned on any rebates collected from participating*
14 *manufacturers on drugs purchased through Cal Rx implemented*
15 *pursuant to this chapter shall be deposited in the fund exclusively*
16 *to cover costs related to the purchase of drugs through Cal Rx.*

17 130621. The department may hire any staff needed for the
18 implementation and oversight of Cal Rx.

19 130622. The department shall seek and obtain confirmation
20 from the federal Centers for Medicare and Medicaid Services that
21 Cal Rx complies with the requirements for a state pharmaceutical
22 assistance program pursuant to Section 1927 of the federal Social
23 Security Act (42 U.S.C. Sec. 1396r-8) and that discounts
24 provided under the program are exempt from Medicaid best price
25 requirements.

26 130623. (a) Contracts and change orders entered into
27 pursuant to this division and any project or systems development
28 notice shall be exempt from all of the following:

29 (1) The competitive bidding requirements of State
30 Administrative Manual Management Memo 03-10.

31 (2) Part 2 (commencing with Section 10100) of Division 2 of
32 the Public Contract Code.

33 (3) Article 4 (commencing with Section 19130) of Chapter 5
34 of Part 2 of Division 5 of the Government Code.

35 (b) Change orders entered into pursuant to this division shall
36 not require a contract amendment.

37 ~~130624. The department may terminate Cal Rx if the~~
38 ~~department makes any one of the following determinations:~~

39 ~~(a) That there are insufficient discounts to participants to make~~
40 ~~Cal Rx viable.~~

1 ~~(b) That there are an insufficient number of applicants for Cal~~
2 ~~Rx.~~

3 ~~(c) That the department is unable to find a responsible~~
4 ~~third-party vendor to administer Cal Rx.~~

5 *(c) Drug rebate contracts entered into pursuant to this*
6 *division are exempt from disclosure under the California Public*
7 *Records Act (Chapter 3.5 (commencing with Section 6250) of*
8 *Division 7 of Title 1 of the Government Code).*

9 130625. Notwithstanding Chapter 3.5 (commencing with
10 Section 11340) of Part 1 of Division 3 of Title 2 of the
11 Government Code, the director may implement this division in
12 whole or in part, by means of a provider bulletin or other similar
13 instructions, without taking regulatory action.

14 SEC. 2. No reimbursement is required by this act pursuant to
15 Section 6 of Article XIII B of the California Constitution because
16 the only costs that may be incurred by a local agency or school
17 district will be incurred because this act creates a new crime or
18 infraction, eliminates a crime or infraction, or changes the
19 penalty for a crime or infraction, within the meaning of Section
20 17556 of the Government Code, or changes the definition of a
21 crime within the meaning of Section 6 of Article XIII B of the
22 California Constitution.