



California Public Employees' Retirement System

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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

November 15, 2024

Subject: Support for End-of-Year 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 to urge Congress to include several important policies designed to reduce health care costs in any must-pass end-of-year legislative package.

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 2023, we spent over \$11.3 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 21% of our \$11.3 billion spend was for outpatient prescription drugs alone. CalPERS strongly supports legislative changes that improve health care quality, access, and affordability for our members.

Over the course of this Congress, the House and Senate have both done extensive bipartisan work on several pieces of legislation to address rising health care costs. As the 118th Congress draws to a close, we encourage you to enact the following key provisions in an end-of-year package:

- **Increase Pharmacy Benefit Manager (PBM) transparency in the commercial market.** We specifically support provisions in the Lower Costs, More Transparency Act ([H.R. 5378](#)) that require PBM reporting and transparency. We believe these changes will provide purchasers with critical information to better serve plan members, promote aligned incentives between

purchasers and PBMs, and increase much needed transparency of rebate revenue and vertically integrated finance structures.

- **Expand federal oversight of healthcare mergers, acquisitions and anti-competitive contracting.** Consolidation of health care providers has increased costs and reduced access for CalPERS members. To begin to address abuses in this space, we urge you to pass legislation that prohibits anti-competitive practices in contracts between providers and health plans. Specifically, we support the passage of the Healthy Competition for Better Care Act ([S. 1451](#) / [H.R. 3120](#)), that encourages a more open market, fosters competition, drives innovation, improves quality, and reduces costs.
- **Enhance competition by preventing patent and market exclusivity abuses in the pharmaceutical industry.** We support policies that will accelerate generic drug market entry and bring much-needed additional competition into the pharmaceutical industry. In particular, we urge you to include the Senate-passed Affordable Prescriptions for Patients Act of 2023 ([S. 150](#)), which limits the number of patents a drug manufacturer can use, in an effort to curb patent thickets; the Stop STALLING Act ([S. 148](#)), which limits sham citizen petitions during the Food and Drug Administration’s drug approval process; and, the Preserve Access to Affordable Generics and Biosimilars Act ([S.142](#)), which limits “pay-for-delay” schemes.
- **Extend pandemic-era telehealth provisions.** In 2020, the Centers for Medicare and Medicaid Services waived several telehealth requirements for the duration of the public health emergency, including geographic and originating site requirements, as well as prohibitions against reimbursing for telehealth at the same rates as in-person care. Allowing these flexibilities, which are set to expire at the end of the year, has broadened access to care, allowing providers to make better use of existing technology, and reducing burden among staff and patients. Without action, many of these gains could be reversed, leading to reduced access, provider limitations, and reimbursement challenges. We urge Congress to pass the Telehealth Modernization Act of 2024 ([H.R. 7623](#)), which extends key Medicare telehealth flexibilities for two years.

Thank you for your leadership and for considering our perspective and recommendations. We look forward to continuing to work with Congress to improve health care quality, access, and affordability in the marketplace. 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 Pensions
Committee
The Honorable Bill Cassidy, Ranking Member, Senate Health, Education, Labor and Pensions
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