



February 3, 2021

The Honorable Gavin Newsom  
Governor, State of California  
State Capitol  
Sacramento, CA 95814

Dear Governor Newsom:

Local Health Plans of California (LHPC), representing 16 locally run, non-profit Medi-Cal managed care plans serving nearly 70 percent of all Medi-Cal managed care enrollees, once again appeals to your Administration to delay the launch of the Medi-Cal Rx program from April 2021 until January 2022, when we hope to have the most severe days of this pandemic behind us.

From the day you were inaugurated, you have been a health care champion, working to improve affordability and access across the state, with special attention on groups that have faced historical health disparities.

In serving over 7 million Californians with Medi-Cal coverage, local plans are your partner in providing access to high quality health care at a very local level for our Medi-Cal enrollees, who are disproportionately older, lower-income, and more likely to have chronic diseases. In that spirit of collaboration, we have worked closely with your Administration on plans to launch Medi-Cal Rx, which would move the pharmacy benefit available through health plans to a state-run benefit for approximately 13 million Californians, despite our reservations about this policy change.

The Administration clearly acknowledged the challenges of assuming responsibility for the pharmacy benefit for our most vulnerable citizens amid a pandemic when it delayed the original launch from January 2021 to April 2021. However, we will not be out of the woods by April, as is clear from current vaccination timelines. Concerns voiced about the strain on our health care system and our state agencies have not diminished as this pandemic continues to strain our health plans, providers and pharmacies.

Delaying Medi-Cal Rx allows our medical community to remain focused on the public health emergency and gives all parties time to resolve outstanding issues and properly test systems so not one Medi-Cal beneficiary experiences unnecessary delays or mistakes with their prescriptions. The stakes are just too high to rush this through.

A delay also offers the state time needed to conduct due diligence on the recently announced acquisition of Medi-Cal Rx vendor, Magellan, by Centene, whose affiliated company also operates as a Medi-Cal health plan. When the state issued the RFP for Medi-Cal Rx, this scenario was explicitly called out as a conflict of interest. Centene's Jan. 5, 2021, announcement on the purchase of Magellan presents a new complication in the program launch. All Medi-Cal managed care plans are required to submit proprietary information to the Medi-Cal Rx vendor, creating conflicts that should be thoroughly accounted for before the program launches.

We appreciate your commitment to improve health care in California and lower costs and will continue to work in partnership on CalAIM, Medi-Cal Rx and other initiatives. We believe a delay is in the best interest of health care delivery system and millions of Californians potentially impacted. It offers the best course to ensure there are no unanticipated delays for patients getting needed medicines. We make this request in the spirit of collaboration and a shared interest in making Medi-Cal Rx successful.

Sincerely,



Brianna Lierman  
Chief Executive Officer

cc: Will Lightbourne, Director, Department of Health Care Services  
Jacey Cooper, Deputy Director and State Medicaid Director, Department of Health Care Services