



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

Code: Section:

[Up^](#) [Add To My Favorites](#)

CIVIL CODE - CIV

DIVISION 3. OBLIGATIONS [1427 - 3273.69] (*Heading of Division 3 amended by Stats. 1988, Ch. 160, Sec. 14.*)

PART 4. OBLIGATIONS ARISING FROM PARTICULAR TRANSACTIONS [1738 - 3273.69] (*Part 4 enacted 1872.*)

TITLE 11. PHARMACEUTICAL SERVICES [2527 - 2528] (*Title 11 added by Stats. 1982, Ch. 296, Sec. 1.*)

2527. (a) On or after January 1, 1984, no prescription drug claims processor, as defined in subdivision (b), shall enter into or perform any provision of any new contract, or perform any provision of any existing contract, with a licensed California pharmacy, or process or assist in the processing of any prescription drug claim submitted by or otherwise involving a service of a licensed California pharmacy unless the processor is in compliance with subdivisions (c) and (d).

(b) A "prescription drug claims processor," as used in this part, means any nongovernmental entity which has a contractual relationship with purchasers of prepaid or insured prescription drug benefits, and which processes, consults, advises on, or otherwise assists in the processing of prepaid or insured prescription drug benefit claims submitted by a licensed California pharmacy or patron thereof. A "prescription drug claims processor" shall not include insurers (as defined in Section 23 of the Insurance Code), health care service plans (as defined in subdivision (f) of Section 1345 of the Health and Safety Code), nonprofit hospital service plans (pursuant to Chapter 11A, (commencing with Section 11491) of Part 2 of Division 2 of the Insurance Code), pharmacy permitholders (pursuant to Section 4080 of the Business and Professions Code), employers, trusts, and other entities which assume the risks of pharmaceutical services for designated beneficiaries. Also, a "prescription drug claims processor" shall not include insurers, health care service plans, and nonprofit hospital service plans which process claims on a nonrisk basis for self-insured clients.

(c) On or before January 1, 1984, every prescription drug claims processor shall have conducted or obtained the results of a study or studies which identifies the fees, separate from ingredient costs, of all, or of a statistically significant sample, of California pharmacies, for pharmaceutical dispensing services to private consumers. The study or studies shall meet reasonable professional standards of the statistical profession. The determination of the pharmacy's fee made for purposes of the study or studies shall be computed by reviewing a sample of the pharmacy's usual charges for a random or other representative sample of commonly prescribed drug products, subtracting the average wholesale price of drug ingredients, and averaging the resulting fees by dividing the aggregate of the fees by the number of prescriptions reviewed. A study report shall include a preface, an explanatory summary of the results and findings including a comparison of the fees of California pharmacies by setting forth the mean fee and standard deviation, the range of fees and fee percentiles (10th, 20th, 30th, 40th, 50th, 60th, 70th, 80th, 90th). This study or these studies shall be conducted or obtained no less often than every 24 months.

(d) The study report or reports obtained pursuant to subdivision (c) shall be transmitted by certified mail by each prescription drug claims processor to the chief executive officer or designee, of each client for whom it performs claims processing services. Consistent with subdivision (c), the processor shall transmit the study or studies to clients no less often than every 24 months.

Nothing in this section shall be construed to require a prescription drug claims processor to transmit to its clients more than two studies meeting the requirements of subdivision (c) during any such 24-month period.

Effective January 1, 1986, a claims processor may comply with subdivision (c) and this subdivision, in the event that no new study or studies meeting the criteria of subdivision (c) have been conducted or obtained subsequent to January 1, 1984, by transmitting the same study or studies previously transmitted, with notice of cost-of-living changes as measured by the Consumer Price Index (CPI) of the United States Department of Labor.

(*Added by Stats. 1982, Ch. 296, Sec. 1.*)

2528. A violation of Section 2527 may result only in imposition of a civil remedy, which includes, but is not limited to, imposition of statutory damages of not less than one thousand dollars (\$1,000) or more than ten thousand dollars (\$10,000) depending on the severity or gravity of the violation, plus reasonable attorney's fees and costs, declaratory and injunctive relief, and any other relief which the court deems proper. Any owner of a licensed California pharmacy shall have standing to bring an action seeking a civil remedy pursuant to this section so long as his or her pharmacy has a contractual relationship with, or renders pharmaceutical

services to, a beneficiary of a client of the prescription drug claims processor, against whom the action is brought provided that no such action may be commenced by the owner unless he or she has notified the processor in writing as to the nature of the alleged violation and the processor fails to remedy the violation within 30 days from the receipt of the notice or fails to undertake steps to remedy the violation within that period and complete the steps promptly thereafter.

(Added by Stats. 1982, Ch. 296, Sec. 1.)