



Yes on Proposition 61 – Drug Price Relief Act What CalPERS and the Privately Insured Need to Know

Intent

Proposition 61 simply prevents state programs – like Medi-Cal and PERS – from having to pay more for prescription drugs than the Federal VA, which pays by far the lowest prices in the nation. The measure would affect purchases by programs that serve about 5 million Californians and help save millions of tax dollars annually.

The intent is to “get a win” over Big Pharma with a simple measure that starts with taxpayer-funded state programs and doesn’t overreach.

While Big Pharma’s opposition campaign has extolled the idea that Prop. 61 doesn’t cover all Californians, do you really think that if it had the drug companies would suddenly be supportive?

Medi-Cal

Both Medi-Cal Fee for Service and Managed Care are equally affected by the measure because Medi-Cal Managed Care prices are based on the Fee for Service capitated rates. To avoid duplication, Prop. 61 exempts the Managed Care Program from the contract provision. This provision absolutely positively impacts Prop. 61 proponent AIDS Healthcare Foundation (AHF) which operates a health plan that covers Medi-Cal Managed Care AIDS patients.

The idea that Prop. 61 exempts AHF from its own measure is a fictional Big Pharma argument that doesn’t even make sense in the first place. Why would AHF not want to pay lower drug prices itself?

Confidentiality

According to Freedom of Information Act (FOIA) requests, we know that contrary to opponents’ claims the vast majority of prices paid by the VA and the state are public. Deeper discounts that the drug industry forces government officials to keep secret do not meet FOIA exemptions and would need to be made public after passage of Proposition 61. This is a powerful transparency effect of the measure.

Government Spending

PERS staff recently produced a “worst case scenario” analysis of Prop. 61’s effect on its system of providing prescription drug benefits. As James C. Harrison and Margaret Prinzing of Remcho, Johansen & Purcell, LLP, a leading law firm for Democrats and labor unions, state “the CalPERS analysis of the Drug Price Relief Act is deeply flawed because it underestimates the benefits of the Act while overestimating the risks.” Nevertheless, achieving lower prices even under PERS’ already complex system is eminently doable. In the simplest scenario, the Department of Healthcare Services would determine the prices of drugs covered by the VA and PERS would simply ensure that those prices are honored across their programs.

The Legislative Analyst Office found that this initiative will save the state money, and even a 1-3% decrease in the cost of prescriptions to the state is tens of millions of taxpayer dollars better used to help California’s most vulnerable.

***Of course Big Pharma will not make life easy on any state program if we pass Prop. 61!
The industry has already threatened multiple lawsuits!***

The Question: Are We Willing to Fight Back?!

Nurses, Local Democrats, AARP, California Alliance for Retired Americans, and Campaign for a Healthy California say YES!

If you have any doubt as to the real effect of Proposition 61, look no further than the industry's own trade publication:



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California: "Ground Zero" for American Rx Price Controls

Dec 08, 2015 By Tom Norton

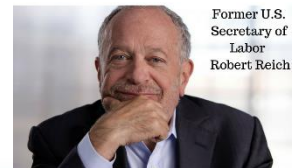
"The California Drug Price Relief Act"

"If the voters of California approve this proposition it would establish an incredibly deep, mandatory discount - in essence a 'price control' - for the public purchase of prescription drugs in America's largest state. Such an action would no doubt cause an immediate demand for the same VA discount rate to be made available to other states, the federal government, and likely private entities, as well."

(Pharma Exec, Dec. 08, 2015)



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PAID FOR BY YES ON PROP 61, CALIFORNIANS FOR LOWER DRUG PRICES, WITH MAJOR FUNDING BY AIDS HEALTHCARE FOUNDATION AND CALIFORNIA NURSES ASSOCIATION PAC (FPPC # 1376791)