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## **A Rebuttal to Big Pharma's Bulls\*\*t**

**T**he drug companies—27 of them from out of state—that are bankrolling Big Pharma's efforts to defeat the California Drug Price Relief Act are telling lies and trying to mislead voters about the effects of the measure. Here are six of the most common untruths, with the rebuttals.

**1. The measure could increase health costs for veterans, active duty military, their families and retirees by undermining special price considerations provided to those who serve our country.**

Incredibly, the message here is twofold: 1) Pharma will have no shame in pitting veterans and their families against the rest of Americans if it suits their interests – mainly, to protect their obscene profits. All people –and all taxpayers – deserve access to medications at prices that are reasonable, yet that would still provide a healthy profit for Pharma. There is zero indication that Pharma loses money selling drugs to the Department of Veterans Affairs; the industry is not known for being charitable. 2) This is also an implicit threat that if voters pass this measure, Pharma will seek to rip up its VA contracts and raise drug prices for veterans. Pharma itself totally controls the market for pharmaceuticals in this country. Mysterious, neutral economic forces won't come into play and cause VA prices to go up. Pharma is telling us they will do it themselves.

**2. The measure only applies to a limited number of state programs, and it would negatively impact those programs.**

This measure doesn't claim to solve the entire problem of high and fast-escalating drug prices, but we have to start somewhere. This initiative applies to the drugs California taxpayers pay to supply to people under certain state programs. All – literally all – of the negative impacts the opponents claim will happen if the initiative passes – so-called cost-shifting, unavailability of certain medications, etc. – would only *occur* as a result of Pharma's own deliberate decision to not cooperate with state officials, file lawsuits and simply refuse to do business with the state for certain drugs. Those aren't policy mechanics, or flaws in the initiative – again, they are simply outright threats.

**3. The measure is unworkable and could cost taxpayers millions in bureaucracy, red tape and potential lawsuits.**

The item regarding VA prices is simply FALSE. We know of no law that prevents the VA from sharing pricing data with other government agencies. It has done so in the past and we have no reason to believe they would refuse to in the future. Yes, Pharma got Congress to agree to force the VA to keep contract prices and discounts secret from the public. But again, that has not prevented agencies like the GAO and the CBO from easily determining the prices using other data. Appendix I here explains how the data is easily obtained

<http://www.gao.gov/assets/660/654019.pdf>

The measure will likely cost the state some money to implement. But it is a fraction of the hundreds of millions the state would save each year from just being able to avail itself of prices Pharma already offers to the 22 million veterans served by the Department of Veterans Affairs.

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As for the specter of lawsuits, this is code for Pharma saying they will throw their kitchen sink at California in order to avoid selling drugs at slightly more reasonable prices. Again, this is not some outside, objective force that will file legal actions, but rather Pharma-brought lawsuits.

#### **4. The measure could actually result in higher prescription drug costs for the state.**

The term "invalidation" sounds so serious. But this whole argument amounts to yet another threat: Pharma just will refuse to agree to sell some drugs to California for the same price it already sells to the VA. The gobbledygook in this argument is nonsense. Take hepatitis C for example: 200,000 Medi-Cal beneficiaries in California could be cured of the disease with the new drugs available. Yet 99% of them can't get the drug because the state can't afford to purchase the \$1000-a-pill treatment regimen. Pharma advertises the hep C cure ad nauseam on TV, without ever saying that the outrageous price they are charging for these drugs – and many more – put their use out of reach for many if not most Californians. Please see here

<https://calmatters.org/articles/california-does-out-hefty-payments-for-hepatitis-c-drugs/>

#### **5. The measure could result in more physician paperwork and more hassle for patients, reducing or delaying access to prescription drugs.**

One more time, this argument is premised not on the idea that the state itself may not be able to "come to agreement" for the VA prices, but rather that Pharma will just say no. The initiative is clear: If Pharma provides California with the prices it already offers the VA, the deal is done. You need to believe that profit greedy Pharma will walk away from selling drugs in the largest state in order to believe this scare tactic. That's what the auto makers threatened when California mandated the catalytic converter, but you will notice there are still millions of cars sold every year in this biggest market in the country.

#### **6. The measure could have a chilling effect on cutting edge medical research and cures.**

This self-serving myth belies the reality that Pharma spends billions more every year on advertising than it does on research and development – 19 times more, to be exact. Many drug companies have just become marketing firms, legalized drug pushers, who gain control of drug patents by buying other drug companies. Most drug breakthroughs are actually funded in whole or part through government grants, not on their own by Big Pharma by using their profits. If the drug companies want to invent new drugs, they can cut their huge advertising budgets – and the infuriating, ubiquitous drug ads. See here

<https://www.statnews.com/2016/03/09/drug-industry-advertising/>

It's also important to point out just how warped the prescription drug marketplace is. No other industry enjoys zero competition from foreign countries. No other industry gets the government-guaranteed monopoly of patent protection that allows for unlimited price increases and profiteering, even for drugs that are just mild tweaks to generics already on the market.

The measure is simple. It is modest. Any problems caused by the people of California just trying to save money on drug purchases will be solely the result of Pharma's ruthless profiteering and heartless threats.