

NO/Prop61

Deceptive Rx Proposition

www.NoProp61.com

Why Business Groups Oppose Prop 61

Proposition 61 is opposed by a broad coalition of more than 170 organizations, including the California Chamber of Commerce, California Manufacturers and Technology Association and dozens of local chambers of commerce and business organizations because this deceptive prescription drug proposition is deeply flawed and would be bad for patients, harmful for veterans, expensive for taxpayers and bad for business in California.

The measure would impose unworkable contracting requirements for some state prescription drug purchases based on prices paid by the U.S. Department of Veterans Affairs (VA). Independent experts warn the measure could increase state prescription drug costs, while reducing patient access to medicines.

Here's why business groups oppose this deceptive proposition:

Prop 61 Attempts to Impose Government Price Controls on the Private Sector, Which Would Set a Bad Precedent For All Businesses and the Economy

Passing a state law that attempts to artificially set government price controls on prescription drugs is just the start. It could embolden advocates of price controls to expand these policies to other sectors of the health care industry or other businesses.

More Bureaucracy, Red Tape and Lawsuits Under Prop 61

Prop 61 is completely vague and contains no guidance on how it would be implemented. Its passage would result in more government bureaucracy, more red tape and lawsuits as state agencies struggle to implement it, costing taxpayers millions.



The controversial promoter of Prop 61 inserted language that would give him a special right to intervene in any post-election legal challenge. He wrote in a provision requiring the state – and taxpayers – to pay his legal bills. It is a virtual blank check at the taxpayers' expense.

"This deceptive ballot proposition will end up costing taxpayers millions and millions of dollars, inevitably leading to more government bureaucracy, more red tape, and expensive lawsuits. We urge Californians to vote NO on Prop 61 in November."

**– Tom Hudson, Executive Director
California Taxpayer Protection
Committee**



Prop 61 Does Not Apply to 88% of Californians ... but Negatively Impacts All of Us

More than 88% of Californians are excluded, including more than 10 million low-income patients in Medi-Cal, 20 million Californians with private health insurance and Medicare, 1.3 million in Covered California and millions of others.

Experts warn that Prop 61 would actually increase prescription drug costs for the state and reduce patient access to needed medicines for the few state programs the measure does cover.

**35 million Californians
would be excluded
from the measure**



Prop 61 Would Increase Prescription Drug Costs for the State

Prop 61 would invalidate many drug discount agreements the state has negotiated with pharmaceutical companies – increasing state prescription drug costs by tens of millions of dollars annually.

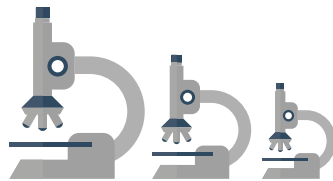


The state's nonpartisan Legislative Analyst's Office said the initiative's new contracting requirements would "endanger the supplemental rebates" the state currently collects on prescription drug purchases and "in such circumstances, the measure could raise (Department of Health Care Services) DHCS spending on prescription drugs."

Prop 61 Threatens the Research Needed to Develop New Medicines and Cures

If California and other states pass laws that set price limits on innovative drugs, it would limit investments in the research and development of new drugs and life-saving cures.

Prop 61 would threaten the ability to attract investments needed to develop new life-saving medicines. The cost for



the many years of research, testing and development averages \$2.6 billion for just one prescription drug, according to a nationally recognized study by the Tufts Center for the Study of Drug Development.

By discouraging investment in the research and development of new medications, Prop 61 could also harm California's burgeoning life sciences sector, which has generated nearly \$130 billion in revenues and more than 1 million California jobs, including 281,000 directly employed in the industry.

Importance of California Life Sciences Research and Development

In 2015, there were 1,235 new drugs in California's drug development pipeline.

- 366 to treat cancer
- 151 for infectious disease
- 109 to address central nervous system conditions

California's life sciences industry generates nearly one million jobs, with 281,000 people being directly employed in the industry.⁴

There were a total of 3,111 clinical trials in California in 2013, with 125,613 clinical trial participants.

Paid for by No on Prop 61 – Californians Against the Deceptive Rx Proposition, a coalition of veterans, doctors, patient advocates, seniors, taxpayers, and members of Pharmaceutical Research and Manufacturers of America with major funding by Merck & Co., Inc., Pfizer, Inc. and other companies.