

Vote Yes on Prop 79

Cheaper Drugs More Californians Can Count On



The Truth Behind PhRMA's Latest False, Misleading Ad Ad: "Hamm Report"

PhRMA Ad Script The Hamm Report	The Facts
<p>Narrator: Who will pay for the Proposition 79 prescription drug plan?</p> <p>According to a report by a respected former legislative analyst, Prop. 79 could cost the state general fund hundreds of millions of dollars.</p>	<p>The savings for prescription drug consumers comes negotiating with the drug companies, not from taxpayers.</p> <p>The report is paid for by the drug companies. "Support for our analysis was provided by the Pharmaceutical Research and Manufacturers Association of America (PhRMA)." [Hamm report, pg. 1, http://www.calrxnow.org]</p> <p>Here's the relevant fiscal analysis from the actual, independent Legislative Analyst's Office:</p> <p>"One-time and ongoing state costs, potentially in the low tens of millions of dollars annually, for administration and outreach activities for a new drug discount program. A significant share of these costs would probably be borne by the state General Fund. State costs, potentially in the low tens of millions of dollars, to cover the funding gap between when drug rebates are collected by the state and when the state pays funds to pharmacies for drug discounts provided to consumers. Any such costs not covered through advance rebate payments from drug makers would be borne by the state General Fund." [California Secretary of State, http://www.ss.ca.gov]</p> <p>According to the actual Legislative Analysts Office, the costs for Prop. 78 and Prop. 79 are about the same. [http://www.lao.ca.gov/]</p> <p>The Hamm report is based on several false assumptions, including a misreading of Prop. 79 that it "directs" the state to establish prescription drug purchasing programs for small businesses and unions at Medicaid prices: instead Prop. 79 says that the "department may establish a prescription drug purchasing program" ... "that result in a net price comparable to the Cal Rx Plus program". Another false assumption is that people with medical costs of more than 5% of their income are not financially needy, while even federal tax laws recognize high medical costs are legitimate tax deductions.</p>
<p>And 79 would jeopardize as much as \$480 million a year in drug rebates for California, leaving taxpayers to make up the difference.</p> <p>Do your own research, see for yourself. Prop. 79 is the wrong prescription for California.</p>	<p>Prop 79 will save taxpayers money.</p> <p>The independent LAO analysis says it is likely that "this provision could result in savings" for the state and the taxpayers. It also said that there is "potential savings for state and county health programs," since Californians who can access affordable drugs are less likely to rely on public programs. Since Prop 79 provides cheaper drugs for more Californians, the savings would be more than under Prop 78.</p> <p>Prop 79 allows the state of California to negotiate for the best possible price for the state, as well as for its citizens. The head of Medi-Cal has a legal obligation to get the best deal possible for the Medi-Cal program: Prop, 79 does not change that. By allowing the state officials to negotiate on behalf of millions of more Californians, the officials can</p>

	gain more purchasing power, not less.
<p>And did you know, 79 could jeopardize as much as 480 million dollars a year in drug rebates for California, leaving taxpayers to make up the difference?</p>	<p>Prop 79 will save taxpayers money. Prop 79 allows the state of California to negotiate for the best possible price for the state, as well as for its citizens. The head of Medi-Cal has a legal obligation to get the best deal possible for the state and taxpayers: Prop, 79 does not change that.</p> <p>The only way California could lose out on rebates is if the drug companies walked away from negotiations and lost hundreds of millions of dollars of the state's business. By allowing state officials to negotiate on behalf of millions of more Californians, the state can gain more purchasing power, not less. So while reduced rebates to the state is theoretically possible under Prop 79 (as it is today), it is unlikely, and the independent Legislative Analyst Office (LAO) analysis says it is as likely that "this provision could result in savings" for the state and the taxpayers. [http://www.lao.ca.gov]</p> <p>The LAO also suggests that there is "potential savings for state and county health programs," since Californians who can access affordable drugs are less likely to rely on public programs. Since Prop 79 provides cheaper drugs for twice as many Californians, the savings for taxpayers would be expected to be more than under Prop 78.</p>

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