

## Prop 61: Is Drug Price Relief on the Horizon for 4 million Californians?



Although California legislators recently pushed transparency in prescription

drug pricing via two bills, both attempts fell flat prior to the close of the session.

However, the good news for people chagrined at the seemingly limitless hikes in medication costs is that the power to create new laws is not exclusive to legislators.

Case in point: Proposition 61 (the California Drug Price Relief Act) appears on next week's ballot because the Los Angeles-based AIDS Healthcare Foundation circulated petitions and garnered the requisite signatures. The law would add a ceiling—set by the U.S. Veterans Affairs Department—to what most state agencies pay out for prescription meds (this would include Medi-Cal's AIDS Drug Assistance Program and fee-for-service outpatient drug program, but would exclude Medi-Cal's managed-care plans, which cover around three-quarters of the state's Medicaid population).

And if recent polls offer any assessment of the health of Prop 61, it has a good chance of crossing the finish line triumphant.

### State expenditures on Rx drugs nearing \$4 billion

During its 2014-15 budget year, the state of California spent almost \$3.8 billion on prescription medications. The ["Yes on Prop 61" campaign](#) says that the bill could save the state "billions of dollars."

In the devil's advocate position, the state's nonpartisan Legislative Analyst's Office could not offer a definitive number on the potential bottom-line impact the measure might have on the state's wallet because the VA is not required to disclose pricing information (the VA's discounts are believed to range from 24% to 40% off retail price). And further, it's impossible to predict how drug companies would respond if the bill is passed.

Despite the fiscal uncertainty, though, and despite the fact that opponents have contributed six times more money than supporters, the underlying cause is resonating with many voters. An August poll revealed roughly 70% voter support of the measure....support that cuts across all age groups, ethnic groups, and regions of the state.

### Sanders, Yes; Big Pharma, No

Proposition 61 has been endorsed by Senator Bernie Sanders of Vermont; but despite that very recognizable face

giving it a nod, the bill's opponents are shelling out over \$100 million to be sure it doesn't get beyond this wished-for stage. Perhaps unsurprisingly, the bulk of that money comes from pharmaceutical companies.

The measure's proponents include the California Nurses Association and AARP.

Opposition includes the California Association of Neurological Surgeons, California Association of Rural Health Clinics, the California Medical Association, and several veteran groups. They have expressed concern that the bill could potentially lead to even higher drug prices and, perhaps even more problematically, could result in reduced access to medications for consumers (including veterans).

This isn't the first time the AIDS Healthcare Foundation has backed an initiative of this type—it threw its support behind a similar bill in Ohio, but the drug industry's largest trade group, the Pharmaceutical Research and Manufacturers of America, legally challenged the measure and was victorious in keeping it off the ballot.

## **Prop 61: “flawed and unworkable”?**

Dr. Steven Larson—the immediate past president of the California Medical Association and an infectious disease physician who treats HIV patients—has referred to Prop 61 as “deeply flawed and unworkable.” Physicians opposing the bill have brought up the concern that drug manufacturers impacted by the bill may seek to balance the fiscal scales by hiking prices on non-government purchasers.

Larson worries that in the event of drug makers raising prices where they can, payers will decide to no longer cover some high cost meds (including those to treat HIV), which would cause doctors to devote much more of their working time tracking down prior approval for prescriptions.

If passed, the law would affect prescription medications purchased for roughly 12% of California's population, around 4.4 million people.

On the Yes side, Roger Salazar (a spokesman for the pro-campaign), voiced his belief that physicians opposing the bill are motivated to do so because of their “financial ties” to the pharmaceutical industry.

Further, Salazar offered his reassurance that Prop 61 is not likely to threaten veteran discounts.

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