

Citizens' Review Statement of California Proposition 61 (2016)

This Demonstration Citizens' Statement was developed by an independent panel of 17 California voters overseen by the California Citizens' Initiative Review Demonstration Project. The panelists were demographically stratified to reflect California's diversity along the following categories: race/ethnicity, geographic location, gender, and political affiliation. Over a period of three days, the panel received information from initiative proponents and opponents and heard testimony from independent policy experts. The citizen panelists deliberated about the measure and produced this statement. This statement has not been edited, altered, or approved by the Project Team, Pepperdine University, UCLA, USC, or any other body.

The opinions expressed in this statement are those of the members of a citizen panel and were developed through the citizens' review process. They are NOT official opinions or positions endorsed by the State of California or any government agency. A citizen panel is not a judge of the constitutionality or legality of any ballot measure; any statements about such matters are not binding in a court of law. This statement is abbreviated due to the abbreviated length of the demonstration review process. A full Citizens' Statement would include more reasons to support the measure, more reasons to oppose the measure, and narrative language integrating the core values at stake on both sides of the issue. For more information about the demonstration project, visit healthydemocracy.org/California.

Key Findings

These findings were ranked by citizen panelists, starting with the most important for voters to know. Due to the abbreviated demonstration, the number and range of key findings was limited. A longer process produces more key findings due to increased opportunity to generate and deliberate on claims that meet the panel's agreed-upon standards for strong and reliable statements.

- One reason a financial impact report could not be conducted is that prices negotiated between the Department of Veterans Affairs (VA) and drug providers are kept private. Therefore, if Proposition 61 were passed, VA drug prices may not become publicly available.
- California and the VA differ in structure. The VA maximizes its negotiating power by approving only a narrow list of drugs. California agencies cannot impose the same structural controls because they cover a greater variety of medications.
- As long as VA rebate pricing is confidential, it is uncertain whether their prices will remain lower than what is offered to other providers.
- Prop 61 only covers a select group of patients. More than 88% of Californians are excluded: over 10 million low-income patients in Medi-Cal, 20 million Californians with private health insurance and Medicare, and 1.4 million in Covered California.
- Prop 61 allows the sponsor to defend the law in court if California's chief law enforcer, the Attorney General, refuses to do so. If the sponsor must defend the proposition in court, he may do so with his own attorneys, who would be paid for with state funds.

Statement in Support of the Measure

We, the members of the Citizens' Initiative Review, find the following to be the best reasons to support Proposition 61:

Additional narrative language connecting the core values in support of the measure would appear here in a full Citizens' Statement.

- Prop 61 has the potential to generate significant yearly state savings. The Department of Veterans Affairs uses its buying power to purchase prescription drugs at lower prices than states and individuals that do not utilize their buying power.
- One major driver of rising healthcare costs in California continues to be the high cost of prescription drugs. Since 1990, national prescription drug spending has steadily increased each year.
- Prop 61 allows the sponsor to defend the law in court if California's chief law enforcer, the Attorney General, refuses to do so. If the sponsor must defend the proposition in court, he may do so with his own attorneys, who would be paid for with state funds.
- *Additional reasons to support the measure may appear here in a full Citizens' Statement.*

Statement in Opposition to the Measure

We, the members of the Citizens' Initiative Review, find the following to be the best reasons to oppose Proposition 61:

Additional narrative language connecting the core values in opposition to the measure would appear here in a full Citizens' Statement.

- CalPERS warns that if Prop 61 is passed, it may interrupt or decrease patient access to certain drugs because it restricts what an agency can pay for a drug. A manufacturer could legally refuse to offer the Department of Veterans Affairs (VA) price, bringing negotiations to a halt.
- Estimates of potential California state savings depend on the largely unclear and unknown agreements of pharmaceutical companies. In fact, the VA warned that Prop 61 could increase VA drug costs by \$3.8 billion yearly. This is because pharmaceutical companies might raise VA prices to keep California agency prices higher.
- Tying state prices to the VA could limit prescription drug options available to Californians. Many of the latest drugs on the market could be unavailable if the VA decides their costs are too high to approve.
- *Additional reasons to oppose the measure may appear here in a full Citizens' Statement.*