



California Labor Federation | AFL-CIO

Headquarters: 600 Grand Av., Ste 410, Oakland, CA 94610-3561 (510) 663-4000 FAX (510) 663-4099
Legislative Office: 1127 11th St., Suite 425, Sacramento, CA 95814-3809 (916) 444-3676 FAX (916) 444-7693
ART PULASKI, Executive Secretary-Treasurer CONNIE LEYVA, President www.calaborfed.org

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Contact: Chloe Osmer, California Labor Federation (510) 663-4051

Schwarzenegger Sides with PhRMA, Vetoes Rx Bills

Governor Accepted Thousands in Contributions from Drug Companies

Sacramento – Governor Schwarzenegger has now vetoed nearly all of the prescription drug reform legislation that crossed his desk. The Governor announced his opposition to several of the bills after returning from the Republican National Convention at the end of August. Pharmaceutical companies helped fund his RNC trip with contributions of \$325,000.

“Governor Schwarzenegger is second only to George Bush in accepting special interests money from PhRMA,” said Art Pulaski, Executive Secretary-Treasurer of the California Labor Federation, AFL-CIO. “Special interests have won the battle for Schwarzenegger’s favor.”

In addition to paying for the Governor’s lavish trip to New York, pharmaceutical companies made the following contributions to Schwarzenegger committees: Allergan, Inc. contributed \$30,000, Novartis Pharmaceuticals Corp. gave \$42,400, as did Glaxosmithkline, Bristol-Myers Squibb contributed \$50,000 and Pfizer, Inc. donated \$100,000.

Instead of signing the consumer protection bills on his desk, the Governor offered the pharmaceutical companies’ own voluntary price discounts, which are strongly opposed by consumer and senior citizen groups.

“Meaningless discounts from big drug companies are no substitute for real prescription drug reform,” said Angie Wei, Legislative Director for the California Labor Federation.

“The Governor’s veto of this legislative package helps big PhRMA and hurts consumers. Governor Schwarzenegger put the interests of the pharmaceutical industry before the interests of Californians.”

The Governor veto included AB1960 (Pavley), sponsored by the California Labor Federation, which would have protected consumers against middle-men drug companies known as "pharmacy benefit managers." The bill would have required the disclosure of rebates, discounts, and other price cuts received by the pharmacy benefit managers (PBMs) and would have imposed on PBMs a fiduciary duty to the purchaser rather than the drug company that sells to them.

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The Governor also vetoed a number of other drug reform bills that were part of a “Prescription Drug Bill of Rights” endorsed by a broad coalition of health care, senior, labor and community groups. Those bills include:

AB 1957 (Frommer, D-Glendale) would have established a state web site that provided price comparisons between American and Canadian pharmaceuticals and enabled consumers to purchase safe, affordable medications from State-certified Canadian pharmacies.

AB 1960 (Pavley, D-Agoura Hills) would have required that more thorough financial disclosure be provided to California employers and consumers by middlemen known as Pharmacy Benefit Managers (PBMs) by preventing conflict-of-interest relationships, and curbing the practice of “drug switching” whereby PBMs steer consumers toward more expensive medications.

SB 1144 (Burton, D-San Francisco) would have allowed the Department of General Services to contract with Canadian prescription drug sources.

SB 1149 (Ortiz, D- Sacramento) would have required the Board of Pharmacy to establish an interactive Web site to identify licensed Canadian pharmacies that meet criteria for the safe acquisition, shipment, and dispensing of prescription drugs.

SB 1333 (Perata, D- Oakland) would have allowed prescription drugs to be imported from Canada.

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