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**DAVID L. GOLLAHER, PH.D.**



March 24, 2008

The Honorable Mike Feuer  
California State Assembly 4005  
State Capitol, CA 95814

RE: Assembly Bill 2821 (Feuer)  
CHI Position: Oppose

Dear Assembly Member Feuer:

On behalf of the California Healthcare Institute (CHI), whose more than 250 members include our state's premier life sciences companies and academic research institutions, I am writing to oppose your measure, AB 2821 – legislation that would require pharmaceutical companies to report gifts, fees or payments to healthcare entities above \$50, as well as implement a limit of \$250 in gifts or a combination of gifts over a calendar year that can be given to a medical or health professional. AB 2821 would also establish the Pharmaceutical Gift Disclosure Fund, assess an undetermined fee on pharmaceutical companies whose products are distributed within the state of California and disclose names and addresses of health professionals that have received these gifts.

California is the worldwide headquarters for biomedical research and development. More than 2,700 biomedical companies and over 100 public and private research institutions are devoted to solving major unmet medical needs such as cardiovascular and respiratory disease, cancer, diabetes, AIDS/HIV and other infectious diseases. CHI member companies serve a vital role in helping educate physicians about breakthrough medicines. Healthcare providers and their patients benefit from the free flow of accurate, understandable information about medical products that can only occur in interactions with industry representatives.

These professionals are highly educated about the potential risks and benefits of new therapies and serve an important role, helping to ensure that physicians have access to current information about these therapies.

CHI member companies support full conformance with the Compliance Program Guidance for Pharmaceutical Manufacturers, developed by the United States Department of Health and Human Services Office of Inspector General (OIG) and the PhRMA Code on Interactions with Health Professionals. Our member companies, under current law (SB 1765 Sher, 2004) are already required to adopt a Comprehensive Compliance Program (CCP) in accordance with the above-mentioned guidelines and believe that this program is working effectively. Companies must establish specific dollar limits on gifts or incentives offered to health care providers from anyone within a company, and annually declare, in writing, compliance with its CCP and make that declaration available on the company's website.

[WWW.CHI.ORG](http://WWW.CHI.ORG)

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Your measure would add an additional requirement for companies to file annual reports disclosing all gifts over \$50 paid to a health professional in the state during the preceding calendar year and to pay a fee to fund this disclosure. In addition, it would require the disclosure of the first and last name of the recipient and his or her business address. We believe that these requirements not only could present significant implementation challenges, especially for small biotech companies, but also could pose a serious privacy issue. It is unclear that any problem exists under current law that calls for additional burdensome requirements that have the potential to increase the costs of drugs.

CHI hopes that California lawmakers will not decide to further limit communication between physicians and the manufacturers of innovative medicines. Please contact Sandra Pizarro, Vice-President of State Government Affairs at (916) 233-3497 with any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "David Gollaher". The signature is written in a cursive, flowing style.

David L. Gollaher, Ph.D.  
President & CEO

cc: Chair and Members, Assembly Health Committee  
Principal Consultant, John Gillman, Assembly Health Committee  
Republican Consultant, Almis Udrys