

April 7, 2010

The Honorable Lois Wolk
Chair, Senate Revenue and Taxation Committee
California State Senate
State Capitol, Room 4032
Sacramento, CA 95814

RE: Senate Bill 1071 (DeSaulnier) - OPPOSE

Dear Senator Wolk:

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 SB 1071, a bill that would impose a tax on CHI member companies who manufacture or import life-saving therapies.

SB 1071 seeks to impose a tax on manufacturers and importers of products classified within Schedules II, III, and IV of the Controlled Substances Utilization, Review, and Evaluation System (CURES), which already has an appropriate funding source. The CURES system allows prescribers, pharmacists, and law enforcement officials to access real-time prescribing records through an online database for Schedule II, III, and IV substances in the state in order to prevent the practice of "doctor shopping" by patients. Doctor shopping is the act of obtaining multiple prescriptions for controlled substances by patients who are intent on abusing prescription pharmaceutical products.

Currently, the CURES program is funded through the Contingent Fund of the Medical Board of California, the Pharmacy Board Contingent Fund, the State Dentistry Fund, the Board of Registered Nursing Fund, and the Osteopathic Medical Board of California Contingent Fund. In short, the program is currently funded by prescribers and the pharmacists who dispense Schedule

II, III, and IV products that are monitored by the CURES program. The prescribers and pharmacists directly impact the availability of these products and must ensure that they are being appropriately utilized by patients with valid medical conditions.

While CHI strongly opposes the illicit and illegal use of pharmaceutical products, our member companies have serious concerns regarding SB 1071's intent to fund the CURES system through a tax on pharmaceutical manufacturing and importation companies. While the legislation states that the "fee" within SB 1071 has a direct nexus to "the adverse impact and burden imposed by the manufacturer and importer," of Schedule II, III, and IV products, it is actually the unlawful conduct of prescribers, pharmacists, and patients that lead to the societal problem that the CURES program attempts to ameliorate. Pharmaceutical products when prescribed appropriately and used as directed do not require the monitoring that the CURES system provides. SB 1071 directly acknowledges that the CURES program is intended to oversee and regulate the activities of pharmacies and prescribers – **not** manufacturers or importers. As such, the CURES program is designed **not** to mitigate the manufacture or importation of drugs that are life-saving when used as intended. Rather, the CURES program is designed to oversee and regulate the activities, actions, inactions, and illegal actions of prescribers and pharmacists who are ultimately responsible for the availability of these products to their patients.

With that in mind, CHI believes the current funding source for the CURES program is the correct one and that the proposed changes that would impose a "fee" on the manufacturers and importers of Schedule II, III, and IV products monitored by the CURES program is in fact a misplaced tax.

For these reasons, we strongly oppose SB 1071. Please feel free to contact us if you have any questions or would like to discuss this further.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra Pizarro". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sandra Pizarro
Vice President – State Government Affairs

cc: Chair & Members, Senate Revenue and Taxation Committee
Senator Mark DeSaulnier
Senate Republican Caucus