

## ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda-underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

## ALEC's Corporate Board

--in recent past or present

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- For more on these corporations, search at [www.SourceWatch.org](http://www.SourceWatch.org).

**DID YOU KNOW?** Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

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### Principles Regarding Prescription Drug Benefits

The federal government is considering the addition of a prescription drug benefit to the Medicare program to address growing concerns about access to and affordability of prescription drugs. In addition, given the present absence of federal action, many states are crafting or have already created benefit programs for their citizenry. Numerous proposals have been offered with regard to these proposed benefits, many of which directly contradict the Jeffersonian principles of limited government, individual choice, and free markets upon which our nation was founded. Alarming, many of these proposals provide a new entitlement for a class of our citizenry. The Health and Human Services Task Force of the American Legislative Exchange Council is committed to the implementation of a prescription drug benefit that does not violate Jeffersonian principles. To that end, and to serve as a foundation for its work, the Task Force has adopted a model set of Principles Regarding Prescription Drug Benefits. These principles include, but are not limited to:

**Flexibility.** The Task Force supports a benefit that affords the states the greatest degree of flexibility in implementation. While the Task Force would prefer to have a prescription drug benefit funded using block grants, its principles apply to both a federally implemented and a state-implemented benefit. The Task Force rejects any unfunded mandates imposed by the federal government and will oppose any movement by the federal government to shirk its financial responsibility with regard to overall Medicare reform. In addition, any federal legislation must contain the necessary provisions to permit states to continue operation of their existing plans without penalizing proactive states through maintenance of effort provisions.

**A targeted benefit.** A very small number of seniors, only 4% in 1999, spent more than \$2,000 per year on out-of-pocket prescription drug expenses. Seniors with the highest expenses and the lowest incomes are those to whom a prescription drug benefit must be targeted. If a drug benefit is enacted to extend to the entire Medicare population, or the entire citizenry, it will result in the creation of another broad entitlement. The creation of such an entitlement in our nation's social policy is irresponsible and will foster unintended consequences by distorting markets, putting extraordinary burdens on taxpayers to fund this entitlement, and ultimately injecting damaging government controls. What is needed is a sense of ownership in meeting a need rather than a sense of entitlement.

**Free-Market Supremacy.** A key to the success of any health care reform, including the addition of a prescription drug benefit, is the ability of the private sector to meet the needs of the population. The federal and state governments should seek innovative partnerships with the private sector to provide prescription drugs for its citizens. Though a drug benefit will utilize public funding, the private sector is best able to deliver this benefit, as it may negotiate appropriate discounts and keep overall spending in check.

**Individual Freedom and Choice.** Our nation is founded upon these two bedrock principles, which are all too often ignored by policymakers, particularly in the health care arena. A prescription drug benefit must allow its beneficiaries affordable access to all necessary pharmaceuticals, whether name brands, generics, or some non-prescription over-the-counter drugs. Allowing such access protects the sanctity of the patient-provider relationship, which the Task Force acknowledges and respects.

At the same time, the Task Force recognizes the difficult choices to be made given the constraint of limited economic resources. Thus, while the Task Force supports the greatest degree of freedom possible for patients, it also recognizes that access to pharmaceuticals is not without boundaries. Accordingly, the Task Force supports allowing the states to exercise the greatest degree of freedom when it comes to making crucial decisions on issues such as formularies, cost sharing, and disease management. The Task Force further supports drug benefit plans that promote personal responsibility, encouraging beneficiaries to recognize the costs of their coverage and the consequences associated therewith.

Regardless, beneficiaries must have some level of choice with regard to a prescription drug benefit so as to encourage market-oriented behaviors. Beneficiaries must be able to choose between competing, private sector plans in order to make their own determinations, as "one size fits all" does not apply in the health care arena.

**Market-Dictated Pricing.** Government entitlement programs inevitably lead to price controls. When price controls are imposed on any industry, they reduce return on investment, and the ability of producers to fund new, innovative research or continued development, or increase production. The most damaging effect of price controls on pharmaceuticals is that they will discourage manufacturers from developing additional life-saving drugs because they will not be able to recoup the costs of research and development. History has proven time and again that mandated price controls do not

Did you know that global pharmaceutical company Bayer Healthcare was the corporate co-chair in 2011?

work; in fact, one truism of public policy is that price controls on goods and services lead to shortages of those goods. It is tragically ironic that a proposal intended to expand access to medication through price controls will result in restricting patient access.

*Adopted by the Health and Human Services Task Force at the Annual Meeting on August 3, 2001. Approved by the ALEC Board of Directors September 2001.*

**About Us and ALEC EXPOSED.** The Center for Media and Democracy reports on corporate spin and government propaganda. We are located in Madison, Wisconsin, and publish [www.PRWatch.org](http://www.PRWatch.org), [www.SourceWatch.org](http://www.SourceWatch.org), and now [www.ALECexposed.org](http://www.ALECexposed.org). For more information contact: [editor@prwatch.org](mailto:editor@prwatch.org) or 608-260-9713.