



Response to request for feedback on policy to require that all BARDA and CDC-supported products be sold to the Federal Government or in the U.S. commercial market at the lowest price among G7 countries

Dear HELP Committee Members & Staff:

On behalf of the Trade Alliance to Promote Prosperity (TAPP), I am submitting these comments in response to the request for feedback on policy to require that all BARDA and CDC-supported products be sold to the Federal Government or in the U.S. commercial market at the lowest price among G7 countries and at a reasonable price.

TAPP is a coalition of American companies, workers, trade associations, opinion leaders, lawmakers, and policymakers committed to building America's economy by creating jobs through strategic trade partnerships that will drive growth for decades to come.

TAPP urges you to reject the controversial "reasonable pricing" concept that thankfully has not been agreed to.

While there are major problems with the several items in the discussion draft, we find one section of the draft particularly problematic. To wit: "The Director shall include in any contract, grant, cooperative agreement, license, or other transaction terms and conditions requiring that the price of a covered product developed with support from the Centers for Disease Control and Prevention and sold to the Federal Government or on the commercial market not exceed the lowest price charged for such covered product, among Canada, France, Germany, Italy, Japan, and the United Kingdom."

TAPP has written extensively on the problems with importing socialist price controls, which is effectively what it would mean to impose price controls based on the prices paid for products in countries with socialized healthcare markets. It has been for many years that this and similar proposals have kept rearing their heads in Congress with the purported aim of lowering prescription drug prices. The problem is, such proposals are shortsighted and ultimately lead to lower quality, fewer options, and diminished health outcomes.

The theory is that by importing foreign price controls from those countries, we could save hundreds of billions of dollars over the coming decade. On its face, it sounds like a great idea to have lower drug prices such as they have in those countries. The problem is, the governments in those nations employ a heavy-handed, socialist system of drug pricing and a range of arbitrary and market-distorting price-control policies to set the cost of medicines.



Like those socialist drug-pricing systems, the “reasonable pricing” scheme offers a false promise to American patients. Price controls are proven to be harmful to patients, doctors, and innovators across the world. Inflicting the “reasonable pricing” scheme on the domestic healthcare industry would harm Americans in need of medical care, as access to both doctors and medicines would be curtailed.

Currently, the United States is a world leader in R&D because the system of healthcare rejects price controls and encourages innovation. As you know, a majority of new medicines are developed and launched in America. Our innovative environment is enormously beneficial to the long-term well-being of Americans.

Consequently, the pharmaceutical companies devote billions of dollars each year to developing new, lifesaving cures. Price controls would deprive them of the money needed to fund their research and development efforts.

Imposing price controls on American manufacturers would stifle medical innovation, kill jobs, and have a particularly negative effect on the health of our country’s most at-risk patients. Medical innovation was especially important during the pandemic, and price controls would pull the plug on the resources needed to develop such life-saving medicines. Americans would be put at risk now and long into the future. Indeed, it is impossible to know just how many Americans would die as a result of curtailed innovation.

In countries where price-setting policies are in place, patients literally die waiting for access to cures that are readily available in America.

The investment required for research and development of medicines leads to more high-paying jobs and a stronger economy. Importing price controls would undermine this system and hinder American innovators’ ability to compete on an international scale. America’s innovation edge would abruptly erode and approach the least common denominator among the countries against whose prices American products were pegged.

Small businesses would be decimated if the “reasonable pricing” scheme were implemented. Price controls could eliminate more than \$700 billion dollars in investments into small pharmaceutical companies alone. The downstream effects of this lack of investment into small pharmaceutical companies would stop many potentially lifesaving medicines from ever reaching the market and eliminate more than 200,000 jobs across the country.



The “reasonable pricing” scheme would threaten high-paying manufacturing jobs across the country at a time when we are still emerging from the economic wreckage from the pandemic. According to a 2017 study by TEconomy Partners, pharmaceutical manufacturers—large and small—invest \$100 billion in the U.S. economy every year, directly supporting 800,000 jobs including jobs in every state. These jobs are high-paying—the average compensation is \$126,000—more than double the average wage in the United States. When accounting for indirect and induced jobs, medical innovation supports more than four million jobs.

The need for free market policies that promote American medical innovation is clear now more than ever. Thanks to American ingenuity and a longstanding economic environment conducive to innovation, some of the most effective vaccines in history were developed to fight the COVID-19 pandemic, at record speeds. Government price controls would have created a huge barrier to innovation and would have left many patients—especially the most vulnerable—high and dry and just waiting to die. We must not hobble the pharmaceutical industry if we are to be prepared for the next pandemic.

We need scientists to continue researching and developing breakthrough medicines. Sacrificing future innovation to achieve some short-term financial savings would ultimately hurt patients. The concept of “paying it forward” could hardly be more compelling than in the case of discovering life-saving therapies and treatments for our most pressing healthcare challenges. Indeed, the selfishness implicit in injecting socialist price controls into the pharmaceutical market is astounding.

This is why we are calling on you to reject the “reasonable pricing” scheme and instead pursue policies that bolster American medical innovation and provide incentives for our scientists and researchers to continue providing extraordinary, cutting-edge therapies and cures to the benefit of all Americans.

Thank you,

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