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Pelosi's Drug Pricing Plan Must Be Opposed

Most Americans support finding ways to reduce prescription drug prices, and most also support medical research that leads to new and better medical treatments.

There has been no shortage of proposals originating in Washington to address the issue of drug pricing.

To address the cost of prescription drugs, House Speaker Nancy Pelosi has been pushing her drug pricing plan (originally called H.R. 3 in the 116th Congress or The Lower Drug Costs Now Act) since September of 2019, and the bill resurfaced as a portion of the Build Back Better Act of 2021[1]. It and similar legislation are likely to come up in future congressional sessions.

In theory, this legislation is designed to import foreign price controls to bring cheaper drugs to American patients.

In practice, Pelosi's Plan would hinder innovation and decimate research into new cures. At the same time, it would also unfortunately reduce access to lifesaving medicines. Indeed, Pelosi's plan is a prime example of short-sighted proposal-making that would do more harm than good.

If passed, Pelosi's Plan would warp the market, limit doctors' choices, restrict patient care, threaten new-drug R&D, and – most frightenly – jeopardize people's health.

Keep reading to learn how to discuss Pelosi's Plan ...

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How to Discuss What Pelosi's Plan Would Do[2]

- **Imports Foreign Price Controls:** This bill would artificially cap the price of the top 250 medicines in the U.S. based on prices available in Australia, Canada, France, Germany, Japan, and the United Kingdom.
- **Pummels Industry with Coercive Strong-Arm Tactics:** Manufacturers that do not abide by this price-fixing scheme would be hit with an excise tax equal to up to 95% of that medication's sales from the previous year.
- **Reduces Patient Quality and Access:** There would be no guarantee of access improvements for patients. These price controls would likely create supply shortages and thus reduce access to lifesaving medicine.[3]
- **Chills Investment and Erodes American Medical Innovation:** The bill is expected to increase manufacturer liability substantially,[4] thereby disincentivizing research into new medicines and therapies, which, in turn, would limit doctors' treatment options and put patients at risk.
- **Eliminates Private-Sector Negotiation and Creates Market Distortions:** Manufacturers would have to pay a rebate back to the Treasury on price increases above inflation. With the inflation rebate going to the government instead of to plans, subsidies on premiums from privately negotiated rebates would be eliminated, driving up premiums across the board.
- **Threatens Nearly One Million Jobs Across the Country:** The projected $132 billion in annual revenue reduction would result in nearly 200,000 direct biopharma jobs lost, and more than 750,000 biopharma supported jobs lost across the economy.[5]

How to Discuss What Pelosi's Plan Would Do to R&D in Medicine

- **It would significantly restrain innovators in an already heavily regulated industry.** The R&D process for pharmaceuticals involves a high level of scientific and regulatory uncertainty, with only 12 percent of investigational medicines reaching clinical trials that are ultimately approved by the FDA.[6]
- **It would pull the plug on R&D budgets, reducing innovation across the board.** It costs an average of $2.8 billion to develop a new medicine, and the R&D to develop a new medicine typically takes a minimum of 10 years.[6]
- **It would disincentivize medical innovation by artificially capping the price of new drugs and treatments,** making pharmaceutical companies less likely to engage in the R&D necessary to continue making advances in medicine. The cuts would disproportionately impact new treatments for rare diseases, oncology, and neurology.[5]

How to Discuss What Pelosi's Plan Would Do to Small Business

- **It would put at risk more than $700 billion in investments** through mergers, acquisitions, partnerships, and other critical financial resources for smaller companies.[5]
- **More than 90% of potential new medicines from small companies would be wiped out.**[5]
- **It would strip away a minimum of 46% of ecosystem innovation investments,** largely harming smaller companies.[5]

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How to Discuss the Impact of Pelosi's Plan in the Next Decade

For the past decade, medical research has been on a tremendous trajectory of advancement:

+ R&D spending as a function of revenue has doubled since 2000.[7]
+ There are 60% more new drugs today compared to the previous decade.[7]

2010
- 2 new multiple sclerosis drugs
- First therapeutic cancer vaccine

2011
- First lupus drug in 50 years
- 2 new personalized medicines

2012
- First drug to target root cause of cystic fibrosis
- First drug to treat Cushing's disease

2013
- 2 new personalized medicines to treat the most dangerous forms of skin cancer
- New oral treatment for multiple sclerosis

2014
- Oral treatments for hepatitis C provide cure rates of more than 90%
- 17 new drugs to treat patients with rare diseases

2015
- 2 new drugs for difficult-to-treat forms of high cholesterol
- New cystic fibrosis drug for patients with a genetic mutation that is a common cause of the disease

2016
- First drug to treat spinal muscular dystrophy
- New personalized therapy for chronic lymphatic leukemia
- First drug to treat all 6 forms to hepatitis C

2017
- First gene therapies approved
- First drug to treat primary progressive multiple sclerosis
- 16 new drugs to treat cancer

2018
- Record number of new drug approvals (61)
- More than half of these approvals were for rare disease drugs
- 19 of these approvals were for first-in-class agents

2019
- First gene therapy to treat infants and children under 2 with spinal muscular atrophy, a leading genetic cause of infant mortality
- First drug approved to treat postpartum depression, which affects one in nine US mothers
- First two-drug regimen for HIV-infected adults, improving on the standard three-drug regimen

2020
- Multiple COVID-19 vaccines developed and approved in under one year, each shattering previous records
- First-in-class genetically targeted treatment for cancers with a specific genetic mutation
- First treatment for Hutchinson-Gilford progeria, a type of rapid-aging disease

Pelosi's Plan Would Result in...

100 fewer new medicines in the United States[8]

\$75 to \$200 billion in reduced spending on R&D[8]

Up to **\$1 trillion** in economic loss per year[8]

Reduced population health by at least **37.5 million to 100 million** life years[8]

Delays of **10 to 19 months** in access to all new medicines[9]

200,000 fewer biopharma jobs and nearly **1 million** fewer jobs nationwide[5]

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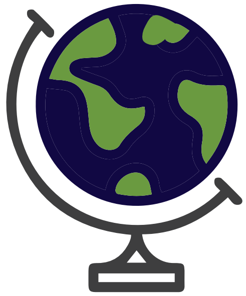
Number of New Medicines Available in the U.S., Compared to Index Countries[9]



+ 2.44x more than Australia

+ 2.08x more than Japan

+ 1.92x more than Canada

+ 1.89x more than France

+ 1.56x more than the U.K.

+ 1.49x more than Germany

30+ Years of Empty Promises

Pelosi's Plan is another iteration of a policy that was first proposed in 1989 and has failed repeatedly in the three decades since. Its proponents refuse to address the shortfalls of drug price controls and instead have repeatedly baited voters with the same empty promises for decades.

1989
- Senator David Pryor proposes new Medicare price negotiations

1993
- President Bill Clinton includes price negotiations in universal health care plan

2003
- President George W. Bush blocks years-long attempt to include price controls in Medicare rebate program with "non-interference clause"

2006
- Democrats "Six for '06" agenda includes stipulation that "Medicare will negotiate drug prices"s

2019
- Pelosi's Plan is introduced in Congress

2020
- President Trump signs Most Favored Nation executive order, tying Medicare drug prices to those in other countries

2021
- President Biden includes drug pricing provisions in reconciliation bill proposal

The Bottom Line: Pelosi's Plan misses the mark in just about every way. It must be opposed.

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