



Conservatives
for
Property Rights

For Immediate Release
November 30, 2020

Contact: Ryan Moy
rmoy@crcpublicrelations.com

Statement Regarding the “Most Favored Nation Model” Drug Price Controls

The following statement, regarding the “Most Favored Nation Model,” may be attributed to James Edwards, Executive Director, Conservatives for Property Rights:

“The ‘Most Favored Nation’ drug price controls rule is dressed up as a 7-year test of a model for reducing the prices Medicare Part B pays for drugs and biologics administered in doctors’ offices. In reality, MFN is less model testing and more policy change by government fiat.

“MFN is reckless and foolish. It represents a step toward government taking over our health system. It conforms to socialistic aspects of ‘foreign freeloader’ nations instead of forcing them to respect property rights, market competition and the rule of law.

“MFN policy bases reference pricing on the lowest price an OECD nation’s government-run health system pays for a given high-end drug. MFN drives to the bottom, as if complex, new medications were mere commodities. We’re not talking about aspirin. Drugs given in clinical settings are among the most advanced, complicated medicines, and Medicare patients require the learned care. Foreign price controls ignore the value, the investment and the faster access.

“Importing foreign price controls does nothing to foster innovation or competition. The prices being referenced are decided and demanded by foreign bureaucrats, not by the free market or fair negotiations. Artificially depressed prices bleed returns on years of R&D investments, while depriving biopharma innovators of resources for discovering and creating new drugs.

“CMS even doubles down on Obama-Biden-era excesses with the CMS Innovation Center. The previous administration rightly caught withering criticism for trotting out ‘pilot projects’ that actually were policymaking. End-running Congress and regulatory due process are un-American, whether the guilty administration is Democrat or Republican. MFN applies to Part B providers and suppliers nationwide. Participation is mandatory. MFN’s heavy-handed, undemocratic policymaking deserves as severe criticism as Obama’s CMMI schemes did.”

###

Background:

The Centers for Medicare & Medicaid Services issued Nov. 20, 2020, an interim final rule implementing the Most Favored Nation (MFN) model for Medicare Part B drugs and biologics (Docket No. CMS-5528-IFC). The MFN rule is pursuant to a September 13, 2020, Executive Order on Lowering Drug Prices by Putting America First. MFN is an even more radical, though similar, approach to a 2018 government price controls proposal, the Advanced Notice of Proposed Rulemaking concerning the International Price Index Model (IPI) for Part B Drugs (CMS-5528-ANPRM). The IPI would average the prices of certain drugs the

government-operated health systems of several developed nations impose, whereas MFN adopts the lowest government-set rate by a member nation of the Organisation for Economic Cooperation and Development. MFN, like IPI, essentially imports the government price controls of foreign governments.

- [CPR 2018 Statement on IPI Pharmaceutical Price Controls Proposal](#)
- [CPR 2018 Comment Letter on IPI ANPRM](#)
- [2020 Coalition Letter Opposing IPI Executive Order](#)
- [2020 Coalition Letter Opposing MFN EO](#)
- [CPR 2020 Statement Opposing MFN EO](#)

About Conservatives for Property Rights:

Conservatives for Property Rights is a coalition of conservative and libertarian organizations that stand for private property rights for all forms of property. CPR believes property rights are divinely endowed to human beings on account of their humanity, and private property is essential to the functioning of free enterprise, investing one's resources in discovery and creativity, and the exercise of ordered liberty.