

Open Letter to Congress: 50 Groups and Activists Oppose Foreign Reference Pricing Legislation

April 30, 2019



Dear Member of Congress:

We write in opposition to proposals that import foreign price controls on medicines into the U.S. through international reference pricing.



Reference pricing legislation has been [introduced](#) by Senator Rick Scott (R-Fla.) and co-sponsored by Senator Josh Hawley (R-MO). Similar legislation has been [introduced](#) by self-avowed socialist Senator Bernie Sanders (I-Vt.) and Progressive Caucus Vice Chair Ro Khanna (D-Calif.).



Both bills are similar – they reference price U.S. drugs based on the prices in Canada, the United Kingdom, France, Germany, and Japan.

Foreign countries frequently utilize a range of arbitrary and market-distorting policies to determine the cost of medicines – by definition, such approaches are price controls.



We have long opposed price controls because they utilize government power to forcefully lower costs in a way that distorts the economically-efficient behavior and natural incentives created by the free market.

These pieces of legislation are similar to the International Pricing Index proposal released by the Department of Health and Human Services. This proposed payment model modifies the reimbursement rate for Medicare Part B drugs so that it is calculated based off the prices set by 14 countries.



When imposed on medicines, price controls suppress innovation and access to new medicines. This deters the development and supply of new life saving and life improving medicines to the detriment of consumers, patients, and doctors.



The American Consumer Institute
Center for Citizen Research

There is no negotiation and foreign governments often force innovators to accept lower prices in a “take-it-or-leave-it” proposition. This results in reduced or restricted access to new medicines and higher prices for those medicines that enter the market.



This is not hypothetical. As noted in a [study](#) by the Galen Institute, roughly 290 new medical substances were launched worldwide between 2011 and 2018. Of these medicines, the U.S. had access to 90 percent.

In contrast, foreign countries have access to far fewer. The United Kingdom had 60 percent of medicines, Japan had 50 percent, and Canada had just 44 percent.



The U.S. is a world leader in research & development because the healthcare system rejects price controls and encourages innovation. As a result, a majority of new medicines are developed and launched in America.



This innovative environment is enormously beneficial to the long-term well-being of Americans and the efficiency of the U.S. healthcare system. In addition, the investment required for research and development of medicines leads to more high-paying jobs and a stronger economy.



Importing price controls will undermine this system by basing U.S. prices on the prices of socialized foreign healthcare systems. This will inevitably suppress innovation and harm American competitiveness.

The administration has recognized the damage that adopting foreign pricing would have on American innovation in a report released in February 2018 by the president's Council of Economic Advisors:



"If the United States had adopted the centralized drug pricing policy in other developed nations twenty years ago, then the world may not have highly valuable treatments for diseases that required significant investment."



Instead of fighting these price controls, we are concerned that both the Sanders-Khanna legislation and the Scott-Hawley legislation adopts them.



Proposals to import foreign price controls will suppress competition and innovation, harm American competitiveness and investment, and should be rejected by Congress.

Sincerely,



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President, Americans for Tax Reform

James L. Martin
Founder/Chairman, 60 Plus Association

Saulius "Saul" Anuzis
President, 60 Plus Association



Lisa Nelson
CEO, ALEC Action



Dick Patten
President, American Business Defense Council

Conservatives
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Phil Kerpen
President, American Commitment

Steve Pociask
President/CEO, The American Consumer Institute



Michi Iljazi
Director of Government Affairs, American Conservative Union



Dee Stewart
President, Americans for a Balanced Budget



Rick Manning
President, Americans for Limited Government

Kevin Waterman
Chair, Annapolis Center-Right Coalition



Ryan Ellis
President, Center for a Free Economy

Andrew F. Quinlan
President, Center for Freedom and Prosperity



Jeffrey Mazzella
President, Center for Individual Freedom

Ginevra Joyce-Myers
Executive Director, Center for Innovation and Free Enterprise



Peter J. Pitts
President, Center for Medicine in the Public Interest

Iain Murray
Vice President for Strategy, Competitive Enterprise Institute



James Edwards
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Yaël Ossowski
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President, Council for Affordable Health Coverage

Thomas Schatz
President, Council for Citizens Against Government Waste



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