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Onetime backer of drug pricing bill turns foe

Rep. Scott Peters' opposition to so-called international reference pricing language is notable, as he voted for similar provisions in 2019 and 2020



Rep. Scott Peters says he's a 'no' on reconciliation if drug price negotiation language is in. (Tom Williams/CQ Roll Call file photo)

By **Peter Cohn**
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Rep. [Scott Peters](#), D-Calif., says he'll vote against a sweeping budget reconciliation package that expands health care coverage, defrays child care and college expenses and more if party leaders include drug price negotiation provisions in it to help offset the multitrillion-dollar cost.

Peters led a group of 10 House Democrats on a letter recently calling for any legislation aimed at lowering drug costs to be bipartisan. But his outright opposition to so-called international reference pricing language, which Peters confirmed in an interview, is notable considering he voted for similar provisions in 2019 and 2020 as part of broader health care legislation.

“I will not vote for that,” Peters said, even if it’s paired with an expansive fiscal package that’s a top priority for President Joe Biden and Democratic leaders. “If you institute it, you won’t have cures because you’ll dry up all the private investment that does that research. ... It’s a false promise of generating revenue because that industry is going to implode — it’s going to go someplace else. Just as when Europe started regulating, over-regulating the industry, they moved here.”

House Democrats have just four votes to spare on the massive budget bill that party leaders want to pass this fall that’s a cornerstone of Biden’s agenda.

[Biden plan gives moderate Democrats sticker shock]

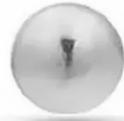
International reference pricing refers to language in bills the House has passed twice that would require the secretary of Health and Human Services to negotiate prices for selected drugs so they don’t exceed 120 percent of the average in six other countries: Australia, Canada, France, Germany, Japan and the United Kingdom.

Medicare would use those prices for Part D plans, and they’d be available to commercial insurers too. Drugmakers that don’t accept the negotiated price would be subject to a nondeductible excise tax penalty.

In 2019, the Congressional Budget Office estimated the provisions would lower spending by \$456 billion over a decade, mostly in Medicare, and bring in another \$45 billion in revenue by reducing nontaxable employer-provided health premiums, which would result in higher taxable wages.

The CBO also said the reduction in industry revenue could result in about eight fewer drugs being brought to market in the next decade, out of roughly 300 expected to be approved during that time. In the second decade, about 30 fewer drugs would be approved, according to the budget office analysis.

“Those effects would occur because the potential global revenues for a new drug over its lifetime would decline as a result of enactment, and in some cases the prospect of lower revenues would make investments in research and development less attractive to pharmaceutical companies,” the CBO said.



San Diego impac

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Peters' San Diego-area district is a top biotech industry hub, ranked third in the nation for life sciences companies outside of Boston and San Francisco, according to real estate manager Jones Lang LaSalle.

The San Diego Regional Economic Development Corporation estimates the sector supports 27,000 local jobs, employed by companies including Eli Lilly and Co., Pfizer Inc. and Tokyo-based Takeda Pharmaceutical Co., among others.

Peters, a member of the Budget and Energy and Commerce panels, said all 27,000 of those jobs are at risk if reference pricing passes.

"I'm not going to take out a fourth of the San Diego economy. That doesn't make any sense for me," he said.

In 2019, Peters praised the bill in a statement after passage, saying it would "lower costs for seniors, people living with chronic diseases, and others who pay massive amounts out of pocket for the medicine that keeps them alive."



In the interview, Peters said he had high hopes for improvement in further

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with high hopes for

“I said this at the time I voted for it, I said this needs to be fixed. I’m going to vote for it because we need to start a conversation about drug pricing. Clearly it didn’t spark any such conversation,” he said.

Peters said he didn’t think reference pricing could pass in either chamber via a reconciliation bill or otherwise. He said a better alternative was compromise legislation from Sens. [Charles E. Grassley](#), R-Iowa, and [Ron Wyden](#), D-Ore., that the Finance Committee approved in the last Congress.

That measure would have achieved nearly \$100 billion in savings, according to the CBO, largely through extracting rebates from manufacturers who raise prices faster than the rate of inflation.

“We should put that in the bank, and I would support that,” Peters said. “It doesn’t generate this huge amount of money for other stuff that some folks that have been at the microphones are asking for. But I think it’s appropriate for the life sciences industry to pay for the failures in the life sciences market, not for every market.”



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