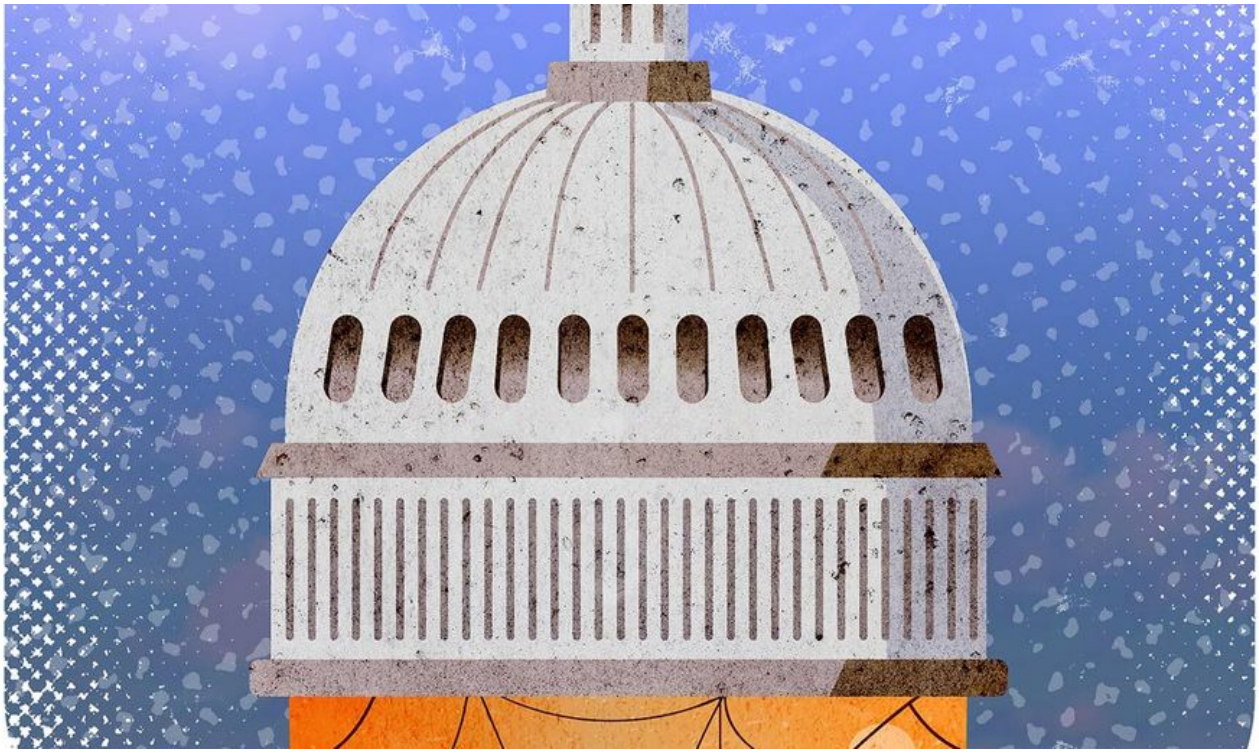
Government-funded labs don’t invent new drugs

H.R. 3 is an assault on the U.S. innovation ecosystem and needs to be stopped



Prescription Drug Laws Illustration by Greg Groesch/The Washington Times more >

By Peter J. Pitts - - *Tuesday, April 27, 2021*

ANALYSIS/OPINION:

House Democrats just introduced a bill designed to lower prescription drug prices. It doesn’t. But wait, it gets worse.

The Lower Drug Costs Now Act, or H.R. 3, is a reprise of a 2019 bill that passed the House but failed to gain support in the Senate.

Back then, opponents criticized the measure for a host of reasons — not the least of which was the impact it would have on innovation. One economic analysis found the 2019 bill would result in 56 fewer new drugs over a decade.

To preempt that criticism this time around, the new version boosts funding for the National Institutes of Health “to support research and development of new breakthrough treatments and cures.”

The logic here rests on the notion that government researchers invent and develop new drugs. While I sympathize with the desire to lower drug costs for everyday Americans, that logic is wrong. The new version of H.R. 3 would have just as devastating an impact on innovation as the old version.

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Yes, NIH labs and federally supported researchers at universities conduct critical, basic research that broadens our understanding of medicine. And some of the insights gleaned help catalyze the development of new medicines.

But private firms, backed by billions in private capital, explore those ideas to see if they might be able to develop new drugs. If those companies think they're onto something, they begin the arduous and expensive process of FDA clinical trials. Even once they're in clinical trials, there's only a 10% chance of ever making it to the marketplace.

At the end of the day, private firms, not the federal government, invent new drugs.

To understand the drug development process better, start with an examination of the NIH's mission: "NIH's mission is to seek fundamental knowledge about the nature and behavior of living systems and the application of that knowledge to enhance health, lengthen life, and reduce illness and disability."

The key term there is “fundamental knowledge.” NIH scientists do a fantastic job making basic scientific discoveries. Basic doesn’t mean easy, but rather foundational. The NIH spends about $15 billion annually to find out how certain molecules interact with one another or how something like mRNA could be used for a vaccine.

But these public funds only tell the first part of the story. Private firms license that public research and use it to develop a new drug with a specific application. That applied science costs a lot. U.S. firms — from large biopharma companies to smaller biotech startups — spend around $100 billion every year on R&D — more than six times the NIH budget. They spend that money not only on developing drugs but putting them through rigorous clinical trials that prove their safety and efficacy.

Moderna offers an illustrative example. Barney Graham, deputy director of the NIH’s Vaccine Research Center, is often profiled for the major role he played in the foundation of Moderna’s COVID-19 vaccine. That work was certainly critical. But it depended on Moderna’s mRNA delivery platform, which had been in the works for a decade — and cost its investors and partners about $2 billion to develop. So without Moderna, a small biotech backed primarily by private investors, what we now know as one of the game-changing COVID-19 vaccines would have languished in a government lab.

Put plainly, private firms invent the life-saving drugs people actually buy at the pharmacy.

The whole innovation ecosystem would crumble if the government could swoop in and set below-market prices on drugs. Drug development is a risky and expensive bet. Since successful drugs have to pay for all the experiments that never make it out of the lab or through clinical trials, it

costs nearly $3 billion to bring one new drug to market. Investors only take those odds because market prices give them a chance to recoup investment costs for the ones that do succeed. If the government makes it impossible to earn a return, investors would flee to other sectors.

H.R. 3 is an assault on our innovation ecosystem and needs to be stopped. Thanks to our system, American firms develop nearly two in three new medicines. The government certainly plays a critical role in funding foundational research, but it's the private sector that brings new medicines to market.

• Peter J. Pitts, a former Food and Drug Administration associate commissioner, is president of the Center for Medicine in the Public Interest.

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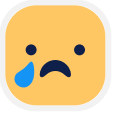

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