Five Things to Know About H.R. 3, 95% Tax on Medicines Included in Dem $3.5T Spending Plan

Posted by Alex Hendrie on Monday, September 13th, 2021, 10:05 AM PERMALINK

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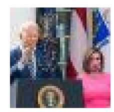
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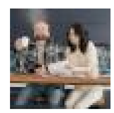
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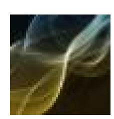
Democrats To Slug Poorest Americans WIth Tax Hikes & Create 2.75 Million Extra Smokers

House Democrats have included new taxes and government price controls on American medical innovation in their $3.5 trillion reconciliation package. They have included H.R. 3, legislation that creates a 95 percent excise tax on manufacturers and imposes an international reference pricing scheme that directly imports foreign price controls into the U.S.

These provisions should be rejected and opposed by members of Congress. This plan will undermine the market-based structure of Medicare Part D harming patients, manufacturers, and the American healthcare system.

Here are 5 things to know about H.R. 3:

1. H.R. 3 Should Not be Conflated with "Negotiation"

Supporters of government price controls on American medicines routinely characterize this plan as allowing the government to negotiate with the private sector. This is misleading because there is already negotiation and competition in Medicare Part D.

Part D facilitates negotiation between pharmacy benefit managers (PBMs), pharmaceutical manufacturers, and plans. This system works because Congress created a non-interference clause when Part D was created, which prevents the secretary of Health and Human Services (HHS) from interfering with the robust private-sector negotiations.

Since the law's enactment, the program has proven to be a successful model of healthcare by saving taxpayers billions of dollars and granting patients access to medicines at low costs. Under this system, plans are free to compete based on the goal of maximizing access and minimizing coverage costs.

Federal spending on Part D has come in 45 percent below projections and is just 14 percent of total Medicare spending. Average monthly premiums in 2019 were just $32.50 and have been stable since 2011. Part D spending also helps keep costs in the rest of Medicare down – it has decreased hospital admissions by 8 percent, resulting in $2.3 billion in annual savings.

According to a 2020 survey, 84 percent of seniors found their Part D premiums affordable and 93 percent found their plan convenient to use. 9 in 10 seniors are satisfied with the Part D drug coverage.

2. H.R. 3 Imposes a 95 percent, Retroactive Excise Tax on Hundreds of Medicines

H.R. 3 enforces its price controls through a 95 percent, retroactive tax on hundreds of life-saving and life-preserving drugs, including cures for cancer, hepatitis C, epilepsy, and multiple sclerosis. This tax is imposed on the sales of a drug if the manufacturer does not agree to government-imposed prices. The tax starts at a 65 percent rate, increasing by 10 percent every quarter a manufacturer is out of "compliance."

This tax is concerning for a number of reasons:

- It is imposed at such a high rate that it will result in income taxes above 100 percent of income even if applied to a portion of a business's sales.
- It is imposed retroactively, rather than prospectively. Taxes are typically imposed prospectively in order to promote consistency, certainty, and fairness. All taxpayers deserve to make decisions based on a reasonable interpretation of the law with the expectation that future changes to the law will not be applied looking backwards.
- It is imposed on sales, not income. Businesses are typically taxed on their income as it allows them to deduct expenses such as wages and other employee benefits, equipment, and machinery. A tax on sales is imposed irrespective of whether a business made any money.

3. H.R. 3 Adopts Foreign Price Controls from Countries That Have Healthcare Shortages

H.R. 3 arbitrarily sets the prices of medicines based off the prices in six countries - Australia, Canada, the United Kingdom, France, Germany, and Japan.

These countries utilize socialist price controls on their healthcare systems, which in turn reduce access to care. Because there is no way to compete on price, supply is reduced, which ends up harming patients in the form of less access to healthcare.

For instance, Canadian patients wait an average of 19.8 weeks from referral to treatment. By comparison, 77 percent of Americans are treated within four weeks of referral, while just 6 percent wait more than two months.

At any one time, one million Canadians are waiting for treatment according to some estimates.

In the UK, there was a shortage of 10,000 doctors and 43,000 nurses in 2019, with 9 in 10 managers in the National Health Service saying that too few doctors and nurses presented a

Article Highlights

danger to patients. At any one time, 4.5 million patients were waiting to see a doctor or receive care.

France has been **forced** to make significant spending cuts to its "free" socialist healthcare system and there have been significant shortages of basic supplies. Australia has also experienced problems with shortages of **medicines** and **healthcare professionals**.

4. H.R. 3 will Lead to Fewer New Cures and Treatments

Adopting foreign price controls will create the same problems that foreign healthcare systems suffer from. It will lead to less medical innovation leading to fewer cures and healthcare shortages for American patients.

The U.S. is currently a world leader when it comes to medical innovation. According to **research** by the Galen Institute, 290 new medical substances were **launched** worldwide between 2011 and 2018. The U.S. had access to 90 percent of these cures, a rate far greater than comparable foreign countries. By comparison, the United Kingdom had access to 60 percent of medicines, Japan had 50 percent, and Canada had just 44 percent.

H.R. 3 will directly undermine this medical innovation. In fact, it could lead to 100 fewer lifesaving medicines over the next decade and could reduce life expectancy of the average American by four months, according to a **study** by the Council of Economic Advisors.

5. H.R. 3 Could Cost High-Paying Jobs Across the Country

President Biden has repeatedly **promised** to create millions of new high paying manufacturing jobs in America. However, H.R. 3 would threaten existing jobs by imposing taxes and price controls on American businesses.

Nationwide, the pharmaceutical industry directly or indirectly accounts for over four million jobs across the U.S and in every state, according to **research** by TEconomy Partners, LLC. This includes 800,000 direct jobs, 1.4 million indirect jobs, and 1.8 million induced jobs, which include retail and service jobs that are supported by spending from pharmaceutical workers and suppliers.

The average annual wage of a pharmaceutical worker in 2017 was $126,587, which is more than double the average private sector wage of $60,000.

Dems Set to Break Biden Small Business Tax Pledge

Posted by Alex Hendrie on Monday, September 13th, 2021, 10:43 AM PERMALINK

During his campaign, President Biden promised the American people that he would not raise taxes on small businesses. But the tax hike plan proposed by House Democrats contains several tax increases on small businesses which will violate the pledge.

Biden's small business tax promise was made on Feb. 20, 2020

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Tax Hikes & Create 2.75 Million Extra Smokers

Posted by Tim Andrews on Sunday, September 12th, 2021, 10:28 PM PERMALINK Follow @tim_andrews 3,035 followers

In a shocking display of callousness towards low income Americans, it was revealed tonight that one of the many ways Congressional Democrats plan to pay for their overspending is to slug the poorest and most vulnerable members of society with a staggering $96 billion dollar tax hike. To make matters even

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Dems Propose $3 Trillion Tax Hike on

Working Families and Small Businesses

Posted by Alex Hendrie on Sunday, September 12th, 2021, 7:25 PM PERMALINK

House Democrats are proposing almost $3 trillion ($3,000,000,000,000) in tax increases including tax increases on small businesses and working families. This is the largest tax increase since 1968 compared to the size of the economy and the largest tax increase *ever* in nominal dollars.

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Sinema Warned: A Vote for a Corporate Tax Rate Hike is a Vote for Higher Utility Bills

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If Sinema and Kelly enact a corporate income tax rate increase, they will have to explain why they just increased your utility bills

If Sens. Kyrsten Sinema and Mark Kelly hike the corporate income tax rate, Arizona households and businesses will get stuck with higher utility bills as the country tries to recover from

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Higher Corporate Tax Rate = Higher Utility Bills

Posted by John Kartch and Michael Mirsky on Sunday, September 12th, 2021, 6:41 PM PERMALINK

Democrats warned: A vote for a corporate tax rate hike is a vote for higher utility bills

If Democrats raise the corporate income tax rate to 26.5%, Americans will get hit with higher utility bills as the country tries to recover from the pandemic.

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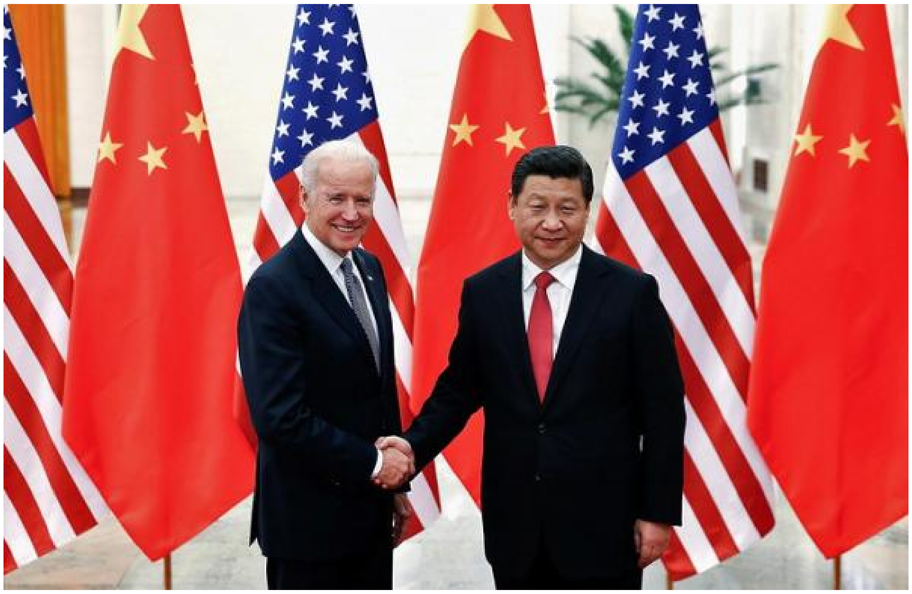
Dems to Impose 26.5% Federal Corporate Tax Rate, Higher Than China



Posted by Isabelle Morales on Sunday, September 12th, 2021, 5:45 PM PERMALINK Follow @isabellealiciaa 3,940 followers

Congressional Democrats are about to unveil a federal corporate income tax rate hike from 21% to 26.5%. This would leave the U.S. at a competitive disadvantage vs. China and Europe.

A 26.5% federal corporate tax rate would result in a combined federal and state rate of 31%, higher than China and higher than

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Illinois Residents Will Get Stuck with Higher Utility Bills Due to Biden Corporate Tax Rate Hike

Posted by John Kartch and Michael Mirsky on Sunday, September 12th, 2021, 2:35 PM PERMALINK

If Duckworth and Durbin enact a corporate income tax rate increase, they will have to explain why they just increased your utility bills

If President Biden and Sens. Tammy Duckworth and Dick Durbin hike the corporate income tax rate, Illinois households and businesses will get stuck with higher utility bills as the country

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722 12th ST NW
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202.785.0266 (P)
202.785.0261 (F)
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