

# Speaker Pelosi's Mistaken HR 3-Peat

by: Peter Pitts | 04/22/2021

Word on the street is that H.R. 3 is going to be reintroduced today.

New Congress. Same bad ideas. A hit parade of bad ideas. For example:

**An International Pricing Index.** Patients often lose access to the best medicines when their government adopts price controls. Of the drugs launched in the last seven years, only 60% were available in Sweden. And only half made it to patients in Canada. In the United States, meanwhile, nearly 90% of those medicines were available. Americans will no longer enjoy generous access to the newest drugs if we embrace price controls. Importing the socialist pricing tactics of foreign governments is no way to stand up for Medicare patients. Bad idea when it comes from the White House, Bad idea when it comes from the People's House.

**Direct Government Negotiation.** Is the direct federal negotiation of drug prices a good idea? Consider the “non-interference clause” that currently prohibits such actions in Medicare Part D — the federal program that subsidizes prescription drugs for seniors. A repeal of the non-interference clause would result in a sharp increase in Medicare drug prices and a substantial decline in patient choice.

The Congressional Budget Office observed that Part D plans have “secured rebates somewhat larger than the average rebates observed in commercial health plans.” According to the CBO, to achieve any significant savings, the government would have to follow through on its threats of “not allowing [certain] drug[s] to be prescribed.” In other words, the government would drop some drugs from Medicare’s coverage to save money. That would be a raw deal for patients. The average Part D plan provides access to more than 95 percent of the top 200 Medicare Part D Drugs. (PS/ The Non-Interference Clause was written by Senators Ted Kennedy and Tom Daschle.)

**Rebates to Off-Set Price Hikes.** When Americans say, “My drugs are too expensive,” what they generally mean is that their co-pays at the pharmacy are too expensive. And they’re right. But co-pays aren’t tied to list prices. Consider this: payers negotiate discounts of between 30-50% of the list price – and then base the co-pay off of the list price. What happens to the discount? They pocket the difference. When payers say that higher co-pays are a result of higher list prices they are lying. Surprisingly absent from H.R. 3 is any call for pricing transparency. Shameful.

The primary difference from the previous version is that this “new” iteration will not specify how the funds will be used – Speaker Pelosi’s goal is to use this as a pay-for in the American Family Act

## H.R. 3 is a cruel joke. Cruel to patients.

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