

H.R. 3 IMPORTS RISKY FOREIGN PRICING SCHEMES

The House of Representatives is expected to vote on H.R. 3, a drug pricing bill put forward by Speaker Nancy Pelosi (D-CA). The plan would replace the current free and fair market-based system for determining the value of prescription medicines with a system based on international reference pricing. If enacted, H.R. 3 will import into the United States price controls adopted by countries with single-payer health care systems that deny access to these therapies for patients in need and stifle the development of new treatments.

Adopting foreign price controls would be detrimental to patients and America's scientists and researchers developing new cures and treatments.

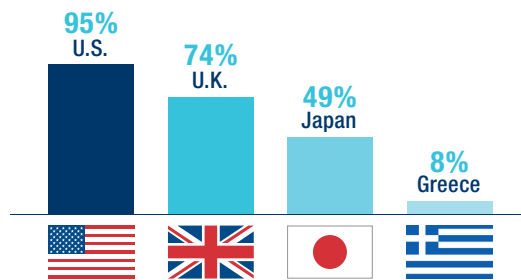
Here's why:

International pricing schemes restrict patient access to new medicines.



Nearly **90%** of **all new medicines** launched since 2011 are available in the U.S., compared to just **50%** in France, **48%** in Switzerland, and **46%** in Canada.

PERCENTAGE OF **NEW CANCER DRUGS** AVAILABLE TO PATIENTS.



Of new medicines used to **treat respiratory disorders**, only **55%** were available in Canada, compared to **100%** in the United States.

<https://catalyst.phrma.org/new-analysis-shows-that-more-medicines-worldwide-are-available-to-u.s.-patients>

America's innovative medicine pipeline will be at risk.



Speaker Pelosi's drug pricing bill will lead to **at least 8 to 15 fewer new drugs** coming to market in the coming years. That's according to a **partial** Congressional Budget Office score, indicating that this estimate is **deceptively low**.

Price controls in OECD countries reduced global R&D spending by between **\$5 billion** and **\$8 billion**, enough to fund the discovery of **three to four new drugs per year**.

Prior to adopting price controls, European companies **invested 24% more** on prescription drug R&D than U.S.-based companies. By 2015, European-based companies had fallen behind their U.S. counterparts by **40%**.

Eliminating price controls in OECD countries would lead to a **12% increase in R&D** and the development of **13 new drugs** per year.

<https://www.cbo.gov/system/files/2019-10/hr3ltr.pdf>

<https://2016.trade.gov/td/health/DrugPricingStudy.pdf>

<https://www.nber.org/papers/w12676.pdf>

https://tools.ispor.org/research_pdfs/58/pdffiles/PHP216.pdf

Undermines the U.S.-based biopharmaceutical economy.



H.R. 3 will jeopardize the American biotech industry's **1.74 million employees** and **8 million supporting jobs**.

According to CBO, adopting foreign price controls into Medicare Part D would extract between **\$500 billion** and **\$1 trillion** out of the biopharmaceutical industry. And since the CBO conducted only a **partial review** of the bill, the impact is expected to be much worse.

The biotech industry ranks **just 36th** among all American industries in profitability. **Less than 10%** of all public U.S. biopharmaceutical companies are profitable.

Factset, BIO Industry Analysis

THE RIGHT WAY TO LOWER DRUG COSTS

Virtually every part of the U.S. health care system is more expensive than in Europe. Foreign free-riding on American innovation is a serious problem that harms America's patients and our broader health care system. Instead of importing the problem, the U.S. should export the solution and continue to lead the world in biomedical innovation.



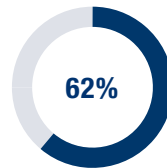
Rather than impose artificial price controls, policymakers should address perverse incentives in the insurance system, increase competition, and lower out-of-pocket costs for patients.

According to a recent poll by Morning Consult, voters think the best way to lower prescription drug costs is to **promote competition**, rather than imposing government price controls.

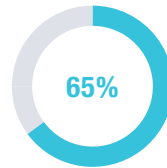
46% of voters think it is most important that policymakers lower the cost people pay out of pocket for their medicines, more important than any other action tested.

https://www.bio.org/sites/default/files/BIO_Polling_Memo_4.3.19.pdf

According to a poll by Kaiser Family Foundation:



62% of people would oppose government negotiations with drugmakers if they lead to less R&D for new drugs.



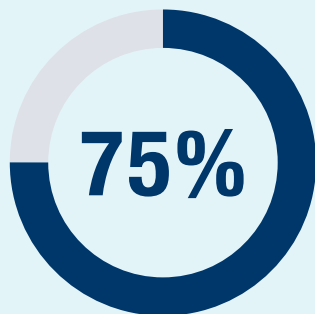
65% would be opposed to government negotiations if they limit access to new medicines.

<https://www.kff.org/health-reform/poll-finding/kff-health-tracking-poll-october-2019/>



Policymakers should work to promote fair trade agreements that force foreign countries to respect American intellectual property and fairly value American innovation.

A strong majority - 75% - of voters believe it's important for the U.S. to require other countries to **raise their standards around intellectual property protections**.



Morning Consult poll, April 2019.

The U.S. produces more new drugs than the rest of the world combined

The U.S. is the global leader in the development of new cures and treatments because we reject government price setting for medicines.

Percentages do not add up to 100% due to rounding.

Source: Milken Institute; Xconomy, "Which Countries Excel in Creating New Drugs? It's Complicated" 2014; Kneller, Nature Biotechnology, 2012

