



Don't Repeat Europe's Vaccine Catastrophe

By **Joel White**

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For many Americans, the calamitously slow vaccine roll-out in countries like Germany, France, and Italy comes as a surprise. After all, in the early days of the pandemic, Europe's response to the crisis seemed highly competent, especially compared to the United States.

But the sluggish vaccination campaign in these nations is actually quite predictable. For years, European policymakers have imposed strict price controls on new pharmaceuticals – and those price caps have delayed patients' access to cutting-edge medicines. The same story is now playing out with Covid-19 vaccines.

Amazingly, Congress is now seeking to emulate Europe's failed price control policies. Europe's botched vaccine rollout ought to make lawmakers reconsider.

Four months after the first Covid-19 vaccine earned authorization, large portions of Europe are still struggling to inoculate their populations. In Germany, Italy, and France, only about **15 percent** of patients have received at least one vaccine dose. Such massive delays have led to **another wave** of cases, hospitalizations, and deaths in Europe, and a fresh round of lockdowns.

Consider that the United States – which is far more populated than any of those three nations – has administered at least one dose of the vaccine to **36 percent** of the population, and has fully vaccinated **one in five** people. The result has been a **steady decline** in the country's death rate.

How to explain Europe's sluggish vaccine roll-out? While there is no single cause, one major factor is the European Union's obsession with paying less for Covid-19 immunizations than many other countries. Whereas Israel – by far the world **leader** in Covid-19 vaccinations – agreed to pay \$25 for each dose, and the United States paid \$20, the EU **held out** for a discount, ultimately paying \$15 to \$19.

The EU's price negotiations wasted valuable time at a critical moment in the vaccination campaign.

And while EU countries got a lower price, they paid more in other ways. According to one analysis, each dollar the EU shaved off the price of its vaccines adds up to around **\$1 billion** in savings, but that figure is dwarfed by the economic cost of the vaccine's slow-rollout.

A recent analysis found that the delayed rollout could cost the European economy close to **\$107 billion** this year. That's more than four times what the EU paid for its vaccines.

If it hadn't insisted on lengthy – and ultimately unfruitful – negotiations, the EU could be well on its way to economic recovery by now.

And this says nothing of the suffering and death caused by the latest wave of infections.

Sadly, this isn't the first time Europe's price-obsessed bureaucracy has delayed access to lifesaving new medicines. It's routine for agencies like Germany's **Federal Joint Committee** and France's **Economic Committee for Health Products** to set prices for breakthrough drugs at below-market rates. And it's because of these tactics that new medicines generally take far longer to reach European patients.

There were 290 new active pharmaceutical substances **released** worldwide between 2011 and 2018. Of those, German patients had access to just under two thirds, and just under half were offered to French patients.

Meanwhile, in America – where policymakers have so far eschewed European-style price-controls – patients had access to nearly **90 percent** of these new treatments.

Despite the damage wrought by Europe's drug price controls, many American lawmakers remain eager to copy these policies. House Democrats are looking to revive H.R. 3, a bill that would tie prices for up to 250 common medicines covered by Medicare to the average price paid in other rich nations – Germany and France among them.

In effect, the reform imports European price controls and patient access restrictions to the United States.

Leading Democrats have expressed their intent to enact H.R. 3 through the budget reconciliation process, which allows the Senate to pass legislation with only a simple majority. And the reform can't be filibustered. So, the chances that H.R. 3 becomes law have never been greater.

Europe's catastrophic vaccine rollout has shown the high cost, in money and lives, of price controls. Importing those policies here would have disastrous consequences for American patients and end up costing us all more in the long run.

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