



# IN CASE YOU MISSED IT

## *The Perils of Drug Price Controls*

House Budget Committee Chairman Jodey C. Arrington (R-TX) and the House Budget Committee's Health Care Task Force (HCTF) Chair Michael C. Burgess M.D. (R-TX) have long cautioned against expanding the so-called Inflation Reduction Act (IRA) Medicare drug price controls before understanding the true impact of these policies on patient access to new cures and therapies.

Responding to the House Budget Committee HCTF's [work](#), the Congressional Budget Office (CBO) published a [blog post](#) requesting feedback to help inform improvements to its drug development model and related analysis.

A recent opinion piece in [BioSpace](#) by American Enterprise Institute Nonresident Fellow Kristen Axelsen and University of Washington School of Pharmacy Professor Louis Garrison similarly caution against these controls, and highlighted the ongoing work of CBO to update their modeling of the impact of drug pricing policies on innovation.

President Biden's Fiscal Year 2025 Budget proposes to [expand these price controls to up to 500 drugs over the next decade](#). This radical expansion of one of the most disastrous components of the IRA endangers U.S. leadership on biopharmaceutical innovation, ultimately killing patients' hope for new medicines.



### WORD ON THE STREET



#### **Via BioSpace:**

- *“But other estimates differ substantially from the CBO’s projection of how many fewer drugs would be developed as a result—up to **135 fewer new drugs by 2039**—and this loss of new therapeutics is expected to have a far larger negative impact on health than the entire COVID pandemic.”*
- *“How did CBO analysts arrive at those figures? With market-altering legislation on the line, including President Joe Biden’s call to **more than double the number of***



***drugs subject to price negotiation, we need to take a closer look at how we forecast the outcome.***

- *“We need to do a proper job of investigating how investors are reacting, and policymakers should be acknowledging the uncertainty around the potential impact on drug development before expanding the policy. **The investment of billions of dollars in developing medicines—and the curative and health benefits they provide—is at stake.**”*
- *“**The CBO has, for good reason, recently called for more evidence on the implications of policies such as the IRA that could change the expected market size on drug development** as it looks to inform future estimates—for example, if Biden’s call to expand the IRA makes it into proposed legislation.”*
- *“Medicines and vaccines can save lives, reduce human suffering and contribute to economic productivity and U.S. health security. **There is too much at stake to not seek better evidence to inform future policy on biopharma regulation.**”*

## THE BOTTOM LINE

As spending on federal health care programs continue to be the primary driver of our nation’s \$34 trillion and counting in national debt, policymakers need to closely examine the sweeping effects of policies that could inhibit innovative cures and therapies from reaching patients and significantly reduce health care costs.

As **recognized** by CBO last year, medical innovation, including new medicines, holds the power to significantly reduce federal health care spending by curing and treating chronic disease.

Policymakers need to fully understand the tradeoffs associated with proposed policies that could stifle medical innovation along with the corresponding direct impact on the federal budget, and, more importantly, American patients and families.

Unfortunately, President Biden’s Budget **doubles down on the IRA Medicare drug price controls at a time when the impact of the policy is not fully understood and is being revisited by CBO.**



CBO's willingness to revisit their analysis of the IRA's impact on new drug development was at the request of is the Budget Health Care Task Force:

- **On October 26<sup>th</sup>, 2023:** HCTF Chair Burgess led a [roundtable discussion](#), which brought together CBO Director Swagel, independent experts, and stakeholders to examine CBO's analysis of the IRA's impact on new drug development in the United States. You can view the release [HERE](#).
- **On November 20<sup>th</sup>, 2023:** Chairman Arrington, HCTF Chair Burgess, and HCTF Members led a [letter](#) to CBO Director Swagel that requests answers to how CBO analyzed the impact of the IRA's drug price control provisions on patient access to the new drugs in the United States. The letter also directly called upon CBO to issue a request for new information on how policies impact new drug development. You can view the release [HERE](#).
- **On December 20<sup>th</sup>, 2023:** CBO issued a [blog post](#) titled "A Call for New Research in the Area of New Drug Development," allowing independent researchers and stakeholders to formally submit new data and research regarding policies that impact patient access to new medicines. You can view the release [HERE](#).
- **On December 21<sup>st</sup>, 2023:** CBO responded to the HCTF letter requesting more information on how the agency approaches analysis of policies that impact new drug development in the U.S. You can view CBO's response [HERE](#).

The Budget Committee HCTF, led by Chairman Burgess continues [engaging](#) CBO to ensure accurate and comprehensive analysis of policies that impact patient access to new medicines.

