HOUSE BUDGET COMMITTEE

HEALTH CARE TASK FORCE

Chairman Arrington, Health Care Task Force Chair Burgess Lead Letter to CBO on IRA Drug Development Analysis

House Budget Committee Chairman Jodey Arrington (R-TX) and Budget Committee Health Care Task Force Chair Michael C. Burgess, M.D. (R-TX) led a letter to Director Phillip Swagel of the nonpartisan Congressional Budget Office (CBO) requesting answers to CBO's analysis of policies impacting drug development in the United States.

Joined by Budget Committee Health Care Task Force (HCTF) Members Rep. Lloyd Smucker (R-PA), Rep. Buddy Carter (R-GA), Rep. Blake Moore (R-UT), Rep. Rudy Yakym (R-IN), Rep. Drew Ferguson (R-GA), and Rep. Chip Roy (R-TX), the letter seeks more information on how the CBO analyzed the impact of the Inflation Reduction Act (IRA) drug price controls on patient access to new drugs in the United States.

The letter reads in part, *"CBO's analysis suggested that the IRA will result in one fewer drug coming to U.S. market over 2023-2032, about five the subsequent decade, and about seven over the decade after that, for a total of 13 fewer drugs coming to market over the next 30 years. Independent assessments and related studies have suggested a significantly higher number of new drugs not being brought to the U.S. market as a result of the law's implementation…"*

"With the growing impact of health spending on the federal budget, we appreciate that CBO recognizes the power of innovation to reduce health care costs. We fear that the loss of innovation and new treatments reaching patients because of the IRA's price controls will lead to one less tool that could lower federal health care spending in the future."

"Accordingly, it is increasingly important that CBO's analysis of policies that impact drug development in the U.S is incorporating the latest and most accurate information to ensure policymakers are fully aware of the impact legislation will have on patient access to new drugs."

The letter requests CBO respond to several questions with the goal of better understanding CBO's current approach to analyzing policies that impact patient access to new drugs in the United States, including:

1) CBO has shared that the drug development model has been continually updated based on additional information and feedback from stakeholders and independent experts. Since passage of the IRA, numerous biopharmaceutical companies, investment funds, and financial institutions have made public statements on the impact of the IRA on clinical development decisions and investment strategies. Is CBO tracking trends in investments in early-stage drug development by venture capital firms following the passage of the IRA? Are there additional updates or changes CBO is currently considering to the drug development model?

2) Is CBO working, or willing to work, to expand the drug development model to forecast the impact of related policies on the total number of post-approval indications garnered by drugs that do come to market or the different impact on specific therapeutic areas? Does CBO intend to incorporate the impact not only of overall drug discovery, but the likelihood of firms moving away from small molecule indications, as well as the likelihood of firms moving to indications that will target a population outside of the mean Medicare age?

3) Has CBO shifted, or considered reevaluating their assessment of the IRA's impact as a result of actions the Centers for Medicare and Medicaid Services (CMS) has taken to implement the law since enactment? Specifically, does the selection of drugs with forthcoming biosimilar and generic competition as part of the first ten drugs in the drug price negotiation program alter CBO's expectations regarding the reductions in budget outlays attributable to the IRA?

4) CBO recently issued a blog post soliciting feedback on new research on the use of anti-obesity medications to help inform the agency's analysis of relevant policies. Will CBO commit to issuing a similar blog post that asks for independent feedback on new research and data to help inform potential refinements and improvements to the drug development model?

Background:

The letter follows the inaugural HCTF roundtable discussion with CBO Director Swagel last month, which brought together independent experts and stakeholders to examine CBO's underlying model and analysis of the IRA's impact on new drug development in the United States.

Pictured Left to Right at Table: Chairman Jodey Arrington (R-TX), Rep. Rudy Yakym (R-IN), CBO Director Phillip Swagel, HCTF Chair Michael C. Burgess (R-TX), American Action Forum President and former CBO Director Doug Holtz-Eakin.

The HCTF looks forward to continuing working in a collaborative and constructive manner with CBO to ensure lawmakers have access to the best available analysis when making decisions on policies.

Click HERE for the full letter.