



SOUNDING THE ALARM

Democrat Drug Price Controls Continue to Kill New Medicines, Limiting Tools to Reduce Long-Term Health Care Spending

Last week, the [Wall Street Journal](#) Editorial Board sounded the alarm on how the Democrats' drug price control policies in the so-called "Inflation Reduction Act" (IRA) will "end up shortening the lives of people who might have been saved with new treatments."

The piece highlights biopharmaceutical company Seagen's recent decision to stop a promising clinical trial because of the IRA's drug price controls, killing cancer patients' hopes of accessing a potentially life-saving medicine.

Innovative new drugs hold the power to significantly reduce health spending, particularly by addressing chronic diseases, which are particularly costly to the U.S. health care system. By stopping the development of innovative new cures and therapies, Democrats' drug price controls are limiting the number of tools to reduce long-term health spending.

THE FACTS

In 2019, the Food and Drug Administration (FDA) approved Seagen's Padcev to treat bladder cancer that doesn't respond to other therapies. Seagen planned to study whether Padcev could also help patients with earlier stages of the disease but [announced](#) last month the IRA forced them to cancel the study, killing the chance of the lifesaving drug reaching additional patients.

- According to the WSJ, "that's because Padcev will become eligible for the law's price controls in 2030, shortly after a new indication might eventually be approved. 'Why should we do it?' [Seagen Chief Executive Officer David Epstein] asked. Approval 'would come so late in the life cycle that there will be no economic return from doing it.'"



Seagen's unfortunate decision to cancel the study is the latest in a growing line of clinical development programs that have been delayed or canceled due to the IRA's drug price setting scheme:

- **Genentech** [warned](#) the IRA was forcing the company to consider delaying the development of an experimental treatment for ovarian cancer.
- **Anylam Pharmaceuticals** [chose](#) to not launch a Phase III trial for Amvuttra to treat Stargardt disease due to the IRA's lack of protections for rare disease drugs.
- **Eli Lilly** [discontinued](#) a Phase I trial for a potential cure for blood cancer due to the IRA's "pill penalty" that imposes price controls on small molecule medicines after nine years.
- **Cerevance** [abandoned](#) plans to quickly develop a treatment for Parkinson's disease due to the IRA's disincentive to pursue additional indications for drugs already on the market.
- **Protagonist Therapeutics** [paused](#) plans to pursue additional indications for the drug Rusefertide due in part to the passage of the IRA.

THE PROBLEM

As [noted](#) by the nonpartisan Congressional Budget Office (CBO), federal spending on health care continues to be one of the main drivers widening deficits, threatening a sovereign debt crisis, and the financial solvency of programs such as Medicare and Medicaid that seniors and vulnerable Americans depend on.

- In 2022, about a quarter of all noninterest spending was dedicated to federal health programs. Within 30 years, CBO [estimates](#) 40 percent of all non-interest spending will be on these programs.

A key driver of our skyrocketing health care spending is chronic diseases such as diabetes, Alzheimer's, and cancer. In fact, the Centers for Disease Control and Prevention (CDC) [estimates](#) that the following chronic diseases and conditions cost the United States over a trillion dollars every year:

- **Diabetes:** \$327 billion
- **Alzheimer's:** \$305 billion
- **Cancer:** \$240 billion
- **Obesity:** \$173 billion
- **High Blood Pressure:** \$79 billion



The development of innovative new cures and therapies can significantly reduce the impact of these diseases. As a result, addressing the impacts of chronic diseases with new cures and therapies holds the potential for significant budgetary savings as well as improved health and increased economic productivity.

Democrats' price controls are already having a chilling effect on biopharmaceutical innovation. As a result, the law is harming efforts to reduce federal health care spending by preventing the development of new medications that hold the promise of significantly reducing the burden of chronic disease on both patients and the federal budget.

The power of medical innovation to reduce federal health spending is not merely theoretical: earlier this year the CBO [acknowledged](#) that federal health spending was about \$1 trillion less than projected over the 2010–2020 period largely from “reduced spending on patients with cardiovascular diseases” including from “greater use of medications to control risk factors.”

THE BOTTOM LINE

Federal health care spending continues to be a key driver of annual deficits and our growing debt. New medicines hold the power to reduce health care spending, particularly for costly chronic diseases, which cost the U.S. over \$1 trillion annually. Democrats' drug price controls are continuing to force biopharmaceutical innovators to abandon the development of new medications and delay patient access to new cures and therapies.

House Budget Committee Republicans are leading the fight against policies that harm patients and impede efforts to lower federal health care spending.

