

New Drug Price Proposals Put Health, Jobs at Risk

By: Kristin Jones, president and CEO, Indiana Health Industry Forum

Indiana is at the epicenter of a historic biomedical revolution. Like a persistent drumbeat, we are continually learning of new advancements to help us live longer, better lives – new cancer treatments and diagnostics, breakthrough therapies for Alzheimer’s and other neurological diseases, and better ways to control and manage diabetes just to name a few. Furthermore, the medtech sector in our state has been one of the leading contributors to this progress, creating jobs and contributing to our economy along the way.

Not only are these innovations addressing the increasing rates of chronic illness across our communities, but they are also alleviating the demands on our already ailing health care system.

Now, imagine if it all came to a halt.

Some in Congress and the Biden administration are pressing to expand federal power over medication pricing – piling onto the Inflation Reduction Act (IRA) that still isn’t fully understood or even implemented. These added proposals would squash the reality of many potentially lifesaving and life-changing drugs before physicians ever even have a chance to prescribe them.

Within the law enacted last year is the power of the government to pick certain drugs utilized by Medicare beneficiaries and mandate certain prices for them. These set prices won’t kick in for small molecule drugs – pills largely taken orally by patients in their own homes – until nine years after Food and Drug Administration approval and 13 years for more complex biologic therapies that are frequently administered in clinics or doctor’s offices. But still, even before such changes are fully implemented, government-mandated drug pricing policies are having an adverse impact. Already some drug companies have already pulled new treatments from clinical trials with the certainty that government pricing will never allow them to see a return on their investments.

Now proposals from some in Washington are looking to shrink that nine-to-thirteen-year timeline to just five years after FDA approval before drugs are subjected to government-mandated drug pricing policies. Newly published research has detailed just how devastating this would be for our health, for Indiana and our economy.

A study by the research firm Vital Transformation has found that the government mandating drug pricing policies after it has only been on the market for five years will result in an unprecedented retrenchment of drug development and create many other shockwaves of collateral damage in the process. The research found that, over the course of a decade, there would be more than 235 fewer FDA approvals of new treatments and therapies. This damage won’t be spread evenly. Instead, it will have a disproportionate impact on those drugs that address significant unmet patient needs. Cancer drugs, neurological treatments, new medicines for rare diseases and infectious disease drugs would be the hardest hit by this change. On the heels of a global pandemic, it’s certainly too soon to pretend we don’t all very clearly understand the true value of infectious disease drugs, and that’s just the tip of the iceberg.

Likewise, the economic pain will be felt disproportionately by states like ours that have been successful in attracting a robust biotech industry. According to the new research, Indiana stands to lose nearly 7,000 biopharmaceutical jobs if these aggressive government-mandated drug

pricing policies go into effect and a total of more than 38,000 jobs across the state that are supported by the economic activity these biotech innovators generate. This shortsighted attempt to use the big fist of government to mandate drug prices will result in thousands of jobs exiting our state, and will deliver an unrecoverable blow to the infrastructure that has supported the biopharmaceutical industry and the treatments and cures it delivers to millions of patients every day

The unintended consequences of these policies clearly miss the mark – we know there are better ways to make prescription medication more affordable for American consumers. Medicare price controls will only save money for, yes, Medicare. Who is balancing budgets on the backs of patients and other hard working constituents across the state really helping?

Real drug price reform will come from legislation addressing the insurers and middlemen pharmacy benefit managers who actually determine what we pay out of pocket at the pharmacy. It is possible to improve affordability without strangling innovation and impairing the economy in the process. Policymakers must paint a better future without sidestepping the true cost drivers in health care. Taking shortcuts with government-mandated drug pricing policies are not the answer.