



## **Indiana Faces Devastating Losses to Drug Development, Jobs and Patient Health According to New Study**

***Proposed Federal Government-Mandated Drug Pricing Policies in the Executive Branch Budget and Senate SMART Prices Act Amount to More Than 235 Fewer FDA Approvals and More Than 38,000 Lost Jobs for Hoosiers Over the Next 10 Years***

**FOR IMMEDIATE RELEASE**

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**Indianapolis** – A new study estimates that there would be more than 235 fewer FDA approvals of new medicines for patients battling cancer, neurological, and rare and infectious diseases over the next decade as well as more than 38,000 lost jobs for Hoosier workers if proposals to expand federal government-mandated drug pricing policies are implemented. Among the proposals under consideration is allowing Medicare to set prices for specific drugs five years after FDA approval, which would lead to significant lost therapies, innovation, and jobs in the biopharma ecosystem at an even more accelerated pace. These proposals are included in the Executive Branch’s FY 2024 budget as well as the Senate’s SMART Prices Act.

Research firm Vital Transformation modeled the impacts of expanded federal government-mandated drug pricing policies at five years following FDA approval. The study analyzed the reduction of new drug approvals and loss of jobs if these policies or others similar to them were enacted into law.

“The emerging consequences of the Inflation Reduction Act give us a glimpse at what sick patients and Hoosier workers can expect if lawmakers continue to expand government-mandated drug pricing policies. According to the latest study, these misguided and deeply flawed policies could cost Indiana more than 38,000 jobs and result in a drastic reduction of treatments for patients waiting on a cure,” said Kristin Jones, president and CEO, Indiana Health Industry Forum. “We urge our Indiana Congressional Delegation to consider these early indicators and abandon future proposals for government-mandated drug prices which would have a devastating effect on our state.”

“At a time when the biopharmaceutical industry is just beginning to experience the negative impacts of the Inflation Reduction Act’s government-mandated drug pricing policy, any new proposal only adds fuel to the fire and reinforces a deeply misguided and flawed approach,” said Tom Kowalski, national co-chair of We Work For Health, a national organization that collaborates with biopharmaceutical research companies, vaccine manufacturers, their employees and local businesses, as well as patient advocacy organizations, to improve the health and well-being of patients. “This latest study demonstrates just how bad the damage could be should these plans be implemented.”

## Key Study Highlights:

The study found that, if proposed expansions of government-mandated drug pricing policies are implemented, there are serious consequences around the development of and investment in new medicines, and significant job losses in major innovation hubs like Indiana.

- **Lost Therapies:** More than 80 currently available therapies of 121 identified for price setting – approximately 70% – would likely not have been developed had the pricing provisions been in place prior to their development.
- **Lost Innovation:** More than 235 fewer FDA approvals of new medicines or new uses over a 10-year period. Impacts of the proposed policies will be felt most heavily in many areas of unmet need, particularly in oncology, neurology, and rare and infectious diseases.
- **Lost Jobs & Investment:** Loss of nearly 7,000 direct biopharmaceutical industry jobs and a total loss of more than 38,000 jobs in Indiana. Loss of ecosystem investments into 50 different therapeutic indications including \$225 million in lost investments in Indiana.

Specifically, We Work For Health is hopeful that Congress will preserve incentives for small molecule research. Under the IRA, biologics have a 13-year period before the government can intervene and mandate drug prices, but small molecule drugs are limited to nine years prior to negotiation. This discrepancy will lead to a reduction in investment in small molecule drugs.

It's critical that Indiana's Congressional Delegation takes into account the existing unintended consequences of the IRA – and to ensure similar policies are not supported before the consequences of the current law can be fully understood and corrected.

Earlier this month, Vital Transformation and the Biotechnology Innovation Organization (BIO) issued a [separate study](#) showing that patients could lose access to at least 40% of new medicines that wouldn't be developed as a result of government-mandated drug pricing policies contained in the Inflation Reduction Act. This equates to as many as 139 therapies not being developed over the next 10 years.

The new study being issued today by We Work For Health and Vital Transformation modeled the impacts on industry revenues, jobs and future research and development investments. The analysis was performed by Vital Transformation's consulting economist Dr. Harry Bowen, research manager Dr. Daniel Gassull and CEO Duane Schulthess. For the full study, please visit [Vital Transformation](#) or [We Work For Health](#).

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### About We Work For Health

Since 2007, We Work For Health (WWFH) has been bringing together national and local business leaders, labor, biopharma, patient advocacy and other healthcare-related stakeholders. WWFH is dedicated to promoting policies and initiatives that not only foster innovation and facilitate the delivery of lifesaving or life-enhancing medicines, but also value both the workforce and significant contributions of the biopharmaceutical sector to economies at the national, state and local levels.

### About Vital Transformation

Vital Transformation understands the implications of new medical procedures, technologies, and policies. We measure their impact on current clinical practices in close collaboration with health care professionals, researchers, and regulators. Through our web platform, client network, and [Vital Health Podcast](#) series, we are able to communicate our findings with international decision makers and stakeholders.

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