TAXPAYERS PROTECTION ALLIANCE

August 7, 2023

The Honorable Cathy McMorris Rogers
Chair
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Virginia Foxx
Chair
Committee on Education and the Workforce
U.S. House of Representatives
2176 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Jason Smith
Chair
Committee on Ways and Means
U.S. House of Representatives
1139 Longworth HOB
Washington D.C. 20515

Re: Opposition to the Lowering Drug Costs for American Families Act

Dear Chairs Rogers, Smith, and Foxx,

On behalf of the millions of taxpayers and consumers represented by the Taxpayers Protection Alliance (TPA), we urge you to oppose the Lowering Drug Costs for American Families Act, introduced by Ranking Members Frank Pallone Jr. (D-N.J.), Richard Neal (D-Mass.), and Bobby Scott (D-Va.). This concerning legislation expands the Inflation Reduction Act's (IRA) (P.L. 117-169) flawed drug pricing provisions, resulting in more price controls and less access to life-saving treatments.

Despite its claims, the IRA did not create a negotiation structure between the pharmaceutical industry and taxpayer-funded healthcare plans. Instead, it created a non-negotiable ultimatum for drug manufacturers: agree to the government-set price, pay a tax between 185.71 and 1,900 percent on gross sales for a medicine, or remove all the covered companies' treatments from Medicare and Medicaid.[1] Furthermore, the IRA's "negotiation" provisions in Medicare Parts B and D will reduce drug manufacturers revenue by over $450 billion by 2032.[2] These policies severely hamper the industry's ability to innovate and produce cures for the most pervasive illnesses in our country and around the world.

The Lowering Drug Costs for American Families Act will extend this counterintuitive approach to private coverage, blocking lifesaving treatments and cures for over 164 million workers and their families on employer-provided healthcare plans, and over 16 million Americans on marketplace insurance. Further, it will extend to the private marketplace the IRA's requirement for covered companies to provide rebates if the cost of their treatment rises faster than inflation. The bill's sponsors

[1] https://crsreports.congress.gov/product/pdf/R/R47202
[2] https://avalere.com/insights/drug-pricing-bill-could-reduce-manufacturer-revenue

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claim this will save Americans up to $40 billion over the next decade. However, they fundamentally misunderstand the basic tenants of a market economy based on supply and demand, and outright ignore the impact these costs will have on companies' ability to conduct research and development (R&D) of new treatments.

Beyond this legislation's expansion of IRA price-setting provisions to the private marketplace, it will also increase the amount of prescription drugs selected for negotiation from 20 to 50. This rapid and extreme proliferation of the IRA's harmful provisions is a clear sign of their true intent: the dissolution of the private marketplace and the rise of government-mandated prices for life-saving treatments. Given your committees' work to ensure Americans have access to affordable care, we urge you to reject this counterintuitive, unserious proposal.

Sincerely,

David Williams
President

Taxpayers Protection Alliance, 1101 14th Street, NW., Suite 1120, Washington, D.C. 20005
(202) 930-1716
www.protectingtaxpayers.org