TAXPAYERS PROTECTION ALLIANCE

September 14, 2023

The Honorable Lisa McClain
Chairwoman
Subcommittee on Health Care & Financial Services
House Committee on Oversight and Accountability
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairwoman McClain and Republican Members of the House Oversight Subcommittee on Health Care and Financial Services,

On behalf of millions of taxpayers represented by the Taxpayers Protection Alliance (TPA), thank you for holding a hearing entitled "The Inflation Reduction Act: A Year in Review". Since the implementation of the controversial Inflation Reduction Act (IRA, P.L. 117-169), in August 2022, its adverse consequences on American patients have become increasingly evident. The drug price controls through Medicare "negotiations" under Subtitle B of the IRA are already destroying the incentives for investment into research and development (R&D) for future lifesaving cures. Taxpayers should rightly expect access to quality healthcare options for themselves and their families. The IRA stands in the way of Americans' expectations for healthcare innovation.

Unfortunately, the costs of the IRA's drug price-setting provisions are clear, as analysts project 135 fewer new drugs and $663 billion in lost medical research and development (R&D) spending through 2039.[1] Drug development projects are already being canceled because of the threats posed by IRA price controls.

Not only does this have negative implications for patients' future access to new lifesaving drugs, but it also means less access to new affordable options. The low-cost generic alternatives that work to keep prices down for consumers are disincentivized by the IRA's drug pricing provisions. Manufacturers that produce these alternatives are now less likely to invest in new generics and biosimilars as the specter of government price controls continues to loom over them.

On top of this, the IRA slashed Medicare savings to provide billions of dollars' worth of a financial windfall for insurers, who now receive additional government support, incentivizing them to prioritize profits over patient care. Money is also being siphoned off for unrelated programs like tax credits for electric vehicles. This is an abuse of taxpayer money through and through.

As you know, the eyes of the American people are watching. A recent survey shows that 75 percent of voters aged 55 and over believe the IRA turned out to be very different from what was promised.[2] The stark reality is that patients are seeing the costs of the IRA while middlemen and other interests benefit from enhanced government backing.

TPA urges that the interests of taxpayers and consumers be prioritized when reviewing the IRA's drug pricing scheme. Examining the IRA a year after its enactment is critical but lawmakers cannot stop there. Congress must commit to promoting innovation and enhancing healthcare access for all patients into the future.

Sincerely,

David Williams
President

[1] https://bpb-us-w2.wpmucdn.com/voices.uchicago.edu/dist/d/3128/files/2021/08/Issue-Brief-Drug-Pricing-in-HR-5376-11.30.pdf
[2] https://www.washingtonexaminer.com/news/washington-secrets/older-americans-call-bidenomics-a-failure-and-cruel-jest