Dear Member of Congress:

We write in opposition to proposals that import foreign price controls on medicines into the U.S. through international reference pricing.

Reference pricing legislation has been introduced by Senator Rick Scott (R-Fla.) and co-sponsored by Senator Josh Hawley (R-MO). Similar legislation has been introduced by self-avowed socialist Senator Bernie Sanders (I-Vt.) and Progressive Caucus Vice Chair Ro Khanna (D-Calif.).

Both bills are similar – they reference price U.S. drugs based on the prices in Canada, the United Kingdom, France, Germany, and Japan.

Foreign countries frequently utilize a range of arbitrary and market-distorting policies to determine the cost of medicines – by definition, such approaches are price controls.

We have long opposed price controls because they utilize government power to forcefully lower costs in a way that distorts the economically-efficient behavior and natural incentives created by the free market.

These pieces of legislation are similar to the International Pricing Index proposal released by the Department of Health and Human Services. This proposed payment model modifies the reimbursement rate for Medicare Part B drugs so that it is calculated based off the prices set by 14 countries.

When imposed on medicines, price controls suppress innovation and access to new medicines. This deters the development and supply of new life saving and life improving medicines to the detriment of consumers, patients, and doctors.

There is no negotiation and foreign governments often force innovators to accept lower prices in a “take-it-or-leave it” proposition. This results in reduced or restricted access to new medicines and higher prices for those medicines that enter the market.

This is not hypothetical. As noted in a study by the Galen Institute, roughly 290 new medical substances were launched worldwide between 2011 and 2018. Of these medicines, the U.S. had access to 90 percent.

In contrast, foreign countries have access to far fewer. The United Kingdom had 60 percent of medicines, Japan had 50 percent, and Canada had just 44 percent.

The U.S. is a world leader in research & development because the healthcare system rejects price controls and encourages innovation. As a result, a majority of new medicines are developed and launched in America.
This innovative environment is enormously beneficial to the long-term well-being of Americans and the efficiency of the U.S. healthcare system. In addition, the investment required for research and development of medicines leads to more high-paying jobs and a stronger economy.

Importing price controls will undermine this system by basing U.S. prices on the prices of socialized foreign healthcare systems. This will inevitably suppress innovation and harm American competitiveness.

The administration has recognized the damage that adopting foreign pricing would have on American innovation in a report released in February 2018 by the president’s Council of Economic Advisors:

“If the United States had adopted the centralized drug pricing policy in other developed nations twenty years ago, then the world may not have highly valuable treatments for diseases that required significant investment.”

Instead of fighting these price controls, we are concerned that both the Sanders-Khanna legislation and the Scott-Hawley legislation adopts them.

Proposals to import foreign price controls will suppress competition and innovation, harm American competitiveness and investment, and should be rejected by Congress.

Sincerely,

Grover Norquist
President, Americans for Tax Reform

James L. Martin
Founder/Chairman, 60 Plus Association

Saulius “Saul” Anuzis
President, 60 Plus Association

Lisa Nelson
CEO, ALEC Action

Dick Patten
President, American Business Defense Council

Phil Kerpen
President, American Commitment

Steve Pociask
President/CEO, The American Consumer Institute

Michi Iljazi
Director of Government Affairs, American Conservative Union
Dee Stewart
President, Americans for a Balanced Budget

Rick Manning
President, Americans for Limited Government

Kevin Waterman
Chair, Annapolis Center-Right Coalition

Ryan Ellis
President, Center for a Free Economy

Andrew F. Quinlan
President, Center for Freedom and Prosperity

Jeffrey Mazzella
President, Center for Individual Freedom

Ginevra Joyce-Myers
Executive Director, Center for Innovation and Free Enterprise

Peter J. Pitts
President, Center for Medicine in the Public Interest

Iain Murray
Vice President for Strategy, Competitive Enterprise Institute

James Edwards
Executive Director, Conservatives for Property Rights

Matthew Kandrach
President, Consumer Action for a Strong Economy

Fred Roeder
Health Care Economist/Managing Director, Consumer Choice Center

Yaël Ossowski
Deputy Director, Consumer Choice Center

Joel White
President, Council for Affordable Health Coverage

Thomas Schatz
President, Council for Citizens Against Government Waste

Katie McAuliffe
Executive Director, Digital Liberty
Rick Watson  
Co-Chair, Florida Center-Right Coalition

Adam Brandon  
President, FreedomWorks

George Landrith  
President, Frontiers of Freedom

Grace-Marie Turner  
President, Galen Institute

Naomi Lopez Bauman  
Director of Healthcare Policy, Goldwater Institute

Rodolfo E. Milani  
Trustee, Hispanic American Center for Economic Research (HACER)

Mario H. Lopez  
President, Hispanic Leadership Fund

Heather R. Higgins  
CEO, Independent Women’s Voice

Andrew Langer  
President, Institute for Liberty

Tom Giovanetti  
President, Institute for Policy Innovation

Sal Nuzzo  
Vice President of Policy, James Madison Institute

Seton Motley  
President, Less Government

Charles Sauer  
President, Market Institute

Ted Tripp  
Chair, Massachusetts Center-Right Coalition

Tim Jones  
Chairman, Missouri Center-Right Coalition  
Fmr. Speaker, Missouri House

Pete Sepp  
President, National Taxpayers Union
William O’Brien  
Former Speaker, New Hampshire House of Representatives  
Co-Chair, New Hampshire Center-Right Meeting

Doug Kellogg  
Director, Ohioans for Tax Reform

Jeff Kropf  
Executive Director, Oregon Capitol Watch Foundation

Sally Pipes  
President, Pacific Research Institute

Lorenzo Montanari  
Executive Director, Property Rights Alliance

Paul Gessing  
President, Rio Grande Foundation

Karen Kerrigan  
President & CEO, Small Business & Entrepreneurship Council

David Williams  
President, Taxpayer Protection Alliance

Sara Croom  
Executive Director, Trade Alliance to Promote Prosperity

C. Preston Noell III  
President, Tradition, Family, Property, Inc.