

Open Letter to Congress: 50 Groups and Activists Oppose Foreign Reference Pricing Legislation

April 30, 2019



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

Conservatives
for
Property Rights

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





Independent
Women's Voice

Rick Watson
Co-Chair, Florida Center-Right Coalition



INSTITUTE
FOR LIBERTY
Defending America's Right To Be Free

Adam Brandon
President, FreedomWorks

George Landrith
President, Frontiers of Freedom



IPI
The Institute for Policy Innovation

Grace-Marie Turner
President, Galen Institute

Naomi Lopez Bauman
Director of Healthcare Policy, Goldwater Institute



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MADISON
INSTITUTE

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

Mario H. Lopez
President, Hispanic Leadership Fund



Less Government

Heather R. Higgins
CEO, Independent Women's Voice

Andrew Langer
President, Institute for Liberty



MNSI

Tom Giovanetti
President, Institute for Policy Innovation

Sal Nuzzo
Vice President of Policy, James Madison Institute



NTU
NATIONAL TAXPAYERS UNION

Seton Motley
President, Less Government

Charles Sauer
President, Market Institute



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TAX REFORM

Ted Tripp
Chair, Massachusetts Center-Right Coalition

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



PRI PACIFIC
RESEARCH
INSTITUTE

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.