



May 3, 2021

Senate Majority Leader Chuck Schumer  
322 Hart Senate Office Building  
Washington, DC 20510

Speaker of the House Nancy Pelosi  
1236 Longworth H.O.B.  
Washington, DC 20515

Senate Republican Leader Mitch McConnell  
317 Russell Senate Office Building  
Washington, DC 20510

House Minority Leader Kevin McCarthy  
2468 Rayburn House Office Building  
Washington, D.C. 20515

Dear Senate Majority Leader Schumer, House Speaker Pelosi, Senate Republican Leader McConnell, and House Republican Leader McCarthy:

As you tackle prescription drug affordability, we urge Congress to remove any international reference pricing proposals out of drug pricing reform legislation. Failure to do so will have the opposite effect of rising healthcare costs for Americans and a dire impact on those most in need.

We ask that you reject the use of International Pricing Indexes and the "Most Favored Nation" provision as a means to control prices. Economic theory and historical experience teach that price controls are inefficient, cause shortages, and ultimately endanger patients' access to lifesaving treatments.

Price controls not only do not work, as past experience shows, but they produce severe side effects that would be unacceptable to the vast majority of Americans: i) they create shortages, primarily in the form of waiting lists; ii) they lead to reductions in the quality of the goods or services subject to control; iii) they mostly benefit richer and more mobile consumers at the expense of others; and iv) it discourages spending by drug manufacturers on research and development of innovative new drugs, thus inhibiting innovation.

Failure to comply with the proposed price controls would result in a staggering 95 percent tax on those drugs which are instead sold at fair market value. As a result, it would undoubtedly harm those with chronic conditions by increasing the costs of care and fundamentally damaging the landscape for healthcare innovation, leaving many without the best available treatment options.

We share policymakers' concern and interest in reducing healthcare costs. However, Congress should prioritize proposals that increase transparency on healthcare

costs and money flows, as well as promote affordability and lower patient costs without restricting access to the care they need.

For example, we would urge that Congress look into the role that Pharmacy Benefit Managers have as middlemen that drive up drug prices, increase out-of-pocket costs of patients, do not pass along manufacturing rebates to consumers, and rig the system so that plan formularies maximize profits instead of minimizing patient costs.

We would look forward to working with you on such proposals.

Respectfully,

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