



Dear Member of Congress:

**We urge you to reject efforts to pass H.R. 3, the Lower Drug Costs Now Act.** This legislation imposes new taxes and government price controls on American medical innovation. It creates a 95 percent excise tax on manufacturers and imposes an international reference pricing scheme that directly imports foreign price controls into the U.S. This proposal will harm American patients and degrade America's world-leading role in medical innovation.

Americans have access to several highly effective COVID-19 vaccines because of our cutting-edge medical innovation. Our success in COVID treatments and vaccines should serve as a reminder of why we must protect medical innovation here.

**H.R. 3 would impose price controls from socialized medicine systems.** Countries like Australia, the United Kingdom, and Canada would be able to dictate the terms of the American marketplace for medicines. Our patients and innovative research and development would pay the price.

**H.R. 3 would weaponize the tax code and enact a discriminatory 95 percent excise tax on manufacturers.** Under the legislation, pharmaceutical manufacturers that do not agree to foreign price controls would face a retroactive tax of up to 95 percent on the total sales of a drug (not net profits).

This means that a manufacturer selling a medicine for \$100 will owe \$95 in tax for every product sold with no allowance for the costs incurred. No deductions would be allowed, and it would be imposed on manufacturers in addition to federal and state income taxes they must pay.

**This package of foreign price controls with a punitive excise tax on medicines will harm American patients by limiting access to new cures.** Countries like Australia, the United Kingdom, and Canada often have to wait years before accessing the same treatments Americans get right away.

According to a [study](#) by the Galen Institute, patients in the U.S. had access to nearly 90 percent of new medical substances launched between 2011 and 2018. By contrast, other developed countries had a fraction of these new cures. Patients in the United Kingdom had 60 percent of new substances, Japan had 50 percent, Canada had 44 percent, and Spain had 14 percent. In many cases, Americans are able to buy less expensive generics before countries with socialized medicine can even access the underlying new medicines.



**H.R. 3 will threaten high-paying manufacturing jobs across the country at a time when we are just emerging from the economic wreckage from the pandemic.** According to a [2017 study](#) by TEconomy Partners, pharmaceutical manufacturers invest \$100 billion in the U.S. economy every year, directly supporting 800,000 jobs including jobs in every state. These jobs are high-paying – the average compensation is \$126,000 – more than double the average wage in the U.S. When accounting for indirect and induced jobs, medical innovation supports more than four million jobs.

**The need for free market policies that promote American medical innovation is clear now more than ever.** Thanks to American ingenuity, some of the most effective vaccines in history have been developed to fight the Coronavirus pandemic, at the fastest rates ever. In fact, vaccines [developed](#) by Pfizer and Moderna are both over 90 percent effective– a groundbreaking improvement over the typical flu vaccine, for example, which is [40 to 60 percent effective](#).

Far-left politicians are committed to imposing socialist policies on the entire American healthcare system. Price controls on medicines are just the first step.

**We urge you to reject any effort to impose H.R. 3—in part or in full—as a part President Biden’s next spending plan.** New taxes and price controls on medical innovation will reduce access to new cures and threaten high-paying manufacturing jobs across the country.

Sincerely,

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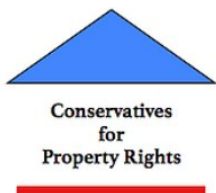
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